

ANNUAL REPORT

2014



RELATIONSHIP BANKING

Major transformation of the economy

Active large corporate customers

New digital solutions meeting new demands

SEB

WHO WE ARE

SEB is a relationship bank strongly committed to deliver customer value. We believe in building on our heritage of entrepreneurship, international outlook and long-term perspective.

≈160
years
in the service of
enterprise



Our corporate objectives

To be the leading Nordic corporate bank and to be the top universal bank in Sweden and the Baltic region.

Our strategic priorities

- Long-term customer relationships
- Growth within areas of strength
- Resilience and flexibility

Our vision

To be the trusted partner for customers with aspirations.

Our mission

To help people and businesses thrive by providing quality advice and financial resources.

— SEB'S FINANCIAL TARGETS —

OUTCOME 2014	OUTCOME 2013
DIVIDEND PAYOUT RATIO OF >40 PER CENT OF EARNINGS PER SHARE	
63 % ¹⁾	59 %
COMMON EQUITY TIER 1 CAPITAL RATIO OF 150 BPS > REQUIREMENT	
16.3% ²⁾	15.0 %
RETURN ON EQUITY COMPETITIVE WITH PEERS	
13.1 % ³⁾	13.1 %

1) Including one-time items 54%. 2) Requirement as per 31 december 2014 15,6% 3) Including one-time items 15,3%

The Relationship
Bank in our part of
the world



Rewarding relationships

Rewarding relationships are at the core of what we are. We strive to build partnerships based on insight and trust, supporting our customers long-term.

WHAT WE DO

SEB has for long played an active part in the development of the societies in which we are operating. In Sweden and the Baltic countries we offer financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany SEB's operations have a strong focus on a full-service offering to corporate and institutional clients.

SEB'S OFFERINGS AND SERVICES ARE PROVIDED THROUGH FIVE DIVISIONS...

Merchant Banking

Commercial and investment banking services to large corporate and institutional clients in 20 countries, mainly in the Nordic region and Germany.

Retail Banking

Banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.

Wealth Management

Asset management, including mutual funds, and private banking services to institutional clients and high net worth individuals in the Nordic countries.

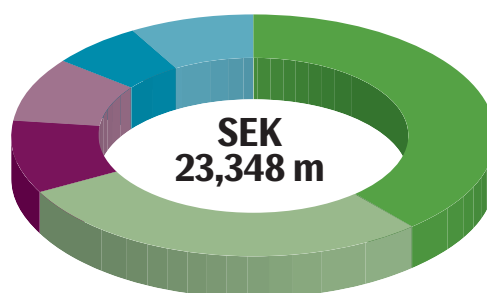
Life

Life insurance services for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.

Baltic

Banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.

OPERATING PROFIT PER DIVISION SEK m



● Merchant Banking	9,088 (8,171)
● Retail Banking	6,622 (5,743)
● Wealth Management	2,258 (1,610)
● Life	2,066 (1,892)
● Baltic	1,445 (1,280)
● Other	1,869 (-569)

...AND DIFFERENT CHANNELS

277

Branch offices in Sweden and the Baltic countries

20

International sites

95

million mobile bank interactions

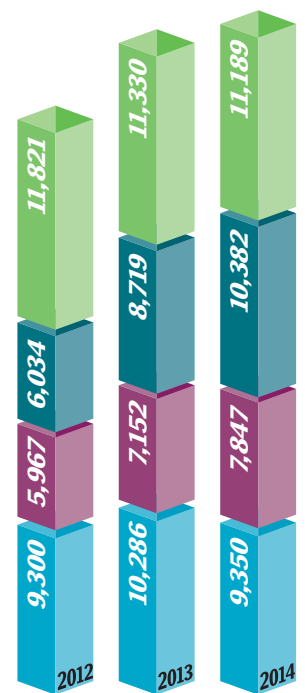
24/7

Telephone bank services

173

million visits online

SEB'S VALUE DISTRIBUTION: SEK 39bn



- Salaries, pensions and benefits to 16,000 employees
- Dividend to 270,000 shareholders
- Taxes and fees
- Business partners and suppliers (13,000)

WHOM WE SERVE

At SEB customers always come first. Our deeply committed 16,000 employees work together as a team to serve our approximately 4 million customers.

OUR CUSTOMERS

CORPORATIONS & INSTITUTIONS

SEB's corporate customers in the Nordic region are among the largest in their respective industries. In Germany they range from large mid-corporates to large multinationals. The institutional clients operate both in the Nordic countries and internationally.

3,000
large corporations
and institutions

SME CUSTOMERS

In all, SEB serves approximately 400,000 small and medium-sized companies in Sweden and the Baltic countries. Of these some 246,000 are home bank customers.

246,000
home bank customers

PRIVATE INDIVIDUALS

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

1.3
million home bank
customers



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SEB creates value	Cover

2014 IN BRIEF

FINANCIAL KEY FIGURES

	2014	2013
Operating income, SEK m	46,936	41,553
Profit before credit losses, SEK m	24,793	19,266
Operating profit, SEK m	23,348	18,127
Return on equity, per cent	15.3	13.1
Earnings per share, SEK	8.79	6.74
Proposed dividend, SEK	4.75	4.00
Common Equity Tier 1 capital ratio, per cent	16.3	15.0
Leverage ratio, per cent	4.8	4.2
Liquidity Coverage Ratio (LCR), per cent	115	129

THE MOST IMPORTANT EVENTS IN 2014

- Geopolitical risk from the events in Russia and Ukraine increased.
- Interest rates lowered throughout the year and the repo rate of the Swedish Central Bank reached zero.
- The European Central Bank and the European Banking Authority published the result from their Asset Quality Review and stress test of the European banking sector. It confirmed SEB's capital strength and asset quality.
- SEB's investments in the corporate segments resulted in 60 new large corporate and institutional customers and 12,700 new SME customers. The number of private customers increased by some 27,000.
- SEB announced its plans to gather a majority of its business in Stockholm in new premises in Arenastaden, Solna. The relocation will start in 2017.
- SEB strengthened its card offering in the corporate segment by the acquisition of Nets' Business Eurocard operations in Finland and in Norway by the acquisition of DNB's corporate card portfolio.
- SEB sold the card acquiring business Euroline AB to Nordic Capital VIII Limited.
- SEB announced its intention to open the traditional life insurance portfolio in Nya Liv for new savings in 2015.

RESILIENCE IN AN UNCERTAIN WORLD

OUR FOREMOST MISSION *is to create value for our customers, thereby generating sustainable returns for our shareholders.*



MARCUS WALLENBERG, CHAIRMAN

At SEB we aspire to know our customers well and we take great pride as a corporate bank for the support we have lent to clients operating in the real economy. More than half of our credit portfolio is directed towards large Nordic and German corporates as well as Swedish and Baltic SMEs. Founded nearly 160 years ago in the service of entrepreneurship and enterprise, SEB has a deeply rooted ambition to work in active and close partnership with its customers. We stay true to our belief that the best way we can fulfil our role as a lubricant in the overall economy is by building deep customer relationships based on a sound and robust financial position. We are convinced that this in turn generates sustainable and competitive returns for our shareholders over time.

As shareholders of SEB, we can look back at a year which rendered a return on equity of 13.1 per cent, excluding one-time capital gains, and an increase in the share price by 17 per cent. This was achieved while increasing our Common Equity Tier 1 ratio to 16.3 per cent. The development reflects SEB's diversified business mix and relationship-driven approach as well as the investments that have been made in recent years in expanding SEB's corporate foot-

print in the Nordic countries outside Sweden and in Germany.

The global financial crisis brought disorder to economies and markets, but it is my belief that the crisis also brought some good. While the crisis identified undesired practices, it also led to necessary renewal. The intentions of the new regulatory framework are very clear: to promote a more stable banking system by increasing requirements on banks' capitalisation, funding and liquidity reserves. This is something we support and adhere to. However, we have highlighted that raising the cost of capital and liquidity will result in higher lending costs for banking customers. Unfortunately, this has proven to hold true.


Several regulatory clarifications were made during the past year, but further regulations are still being discussed. One example is the inclination to promote standardisation of risk weights, thus abandoning the principles of risk differentiation of each bank's balance sheet. It might sound simple to advocate for standardisation in terms of risk weights and leverage ratios. However, my view is that this may work in undesirable ways. In order for banks to serve their customers, a key factor is for each bank to take appropriate risks and price them correctly.

The clarification of the Swedish

regulatory capital framework of 2014 implies additional capital surcharges for Swedish banks expressed as different buffers that may vary over a business cycle. As a consequence, we have refined SEB's capital target to be expressed as a margin of around 150 basis points above the Common Equity Tier 1 capital ratio as required by the Swedish FSA. With this capital goal, we aim to achieve competitive and sustainable returns. This means that we over time continuously strive to reach a return on equity of 15 per cent. We retain our dividend policy and strive to achieve long-term dividend growth.

On behalf of the Board, I want to express our great appreciation to the Bank's management and staff. By sticking to our values, including the determination to serve our customers, SEB continues to show sound and satisfying results under the leadership of our CEO, Annika Falkengren. SEB's commitment remains the same. We will work relentlessly for the best interests of our customers and shareholders, and thus for society as a whole.

Stockholm, February 2015


Marcus Wallenberg
 Chairman of the Board

WE ARE DELIVERING ON OUR LONG-TERM STRATEGY

OUR DEEPENED CUSTOMER RELATIONSHIPS *and our diversified business mix further strengthened profitability and resilience in a challenging economic climate.*



ANNIKA FALKENGREN, PRESIDENT AND CEO

Major transformative shifts have changed the conditions for banking in recent decades. In the early 1990s volatility in financial markets was high on the back of the formation of the euro. The internet promoted a major shift in demands on banking services. The strong globalisation trend was accentuated during the first years of the new millennium, boosting global growth. Financial markets boomed, risk levels grew and were priced incorrectly. The past seven years have been marked by the global financial crisis and subdued growth. At the same time, digitisation spurred by the smartphone is changing consumer behaviours. Today, we are experiencing extraordinary times: low or zero inflation and negative interest rates. In addition, more than six years of central bank liquidity support have contributed to sharply higher asset prices. An environment like this calls for prudence, resilience and long-term perspective. SEB has that.

With the strong balance sheet that we have built, we have continued to grow in core segments in the Nordic countries and Germany, among SMEs in Sweden and in the long-term savings area. We have invested in a growing and active customer base. We have decreased costs and increased capital efficiency. As the leading Nor-

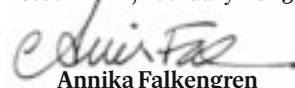
dic corporate bank, in 2014 we saw a positive turn in business sentiment among Nordic and German large corporate customers, evidenced by a high level of event-driven activities. We confirmed our number one position in Nordic mergers and acquisitions and arranged the largest number of transactions. However, activity levels were lower among Swedish SMEs as they refrained from investments in a more cautious business environment. The Baltic countries were affected by the conflict in Ukraine, even though exporters were quick to find alternative markets. Overall we increased the number of full-service customers. All in all, this was reflected in the 2014 numbers. Excluding one-off capital gains, operating profit was up 12 per cent and return on equity was 13.1 per cent.

At SEB we strive to develop and invest in better customer offerings based on a firm belief that high customer loyalty is the foundation for long-term profitability. In 2014, we enhanced all of the bank's digital customer interfaces as we see that customers' demands for accessible and user-friendly offerings are increasing. Swedish retail customers now choose digital channels for 96 per cent of all their interactions with us. In the long-term savings area we have reviewed our investment approach and devel-

oped an advisory-driven comprehensive savings offering that also includes traditional life insurance. We have launched new funds – with our Microfinance fund as one example. We also actively strive for common solutions for financial infrastructure. In Sweden, the Swish-application for mobile payments is one initiative. Another is our partnership with a global leader in asset servicing, where our customers will be offered state of the art global custody functionality.

Much has changed in banking over the years. However, one thing never changes: the importance of deeply committed employees working together as a team and never compromising on building customer value. I am proud of this distinct culture in SEB where employees have a genuine service approach, sharing quality advice with our customers. I would like to take this opportunity to thank all our employees for their hard work. The entire team's energy and commitment to continue enhancing SEB as the relationship bank in our part of the world – for the benefit of all our customers and shareholders – remain strong.

Stockholm, February 2015


Annika Falkengren

President and Chief Executive Officer

MAJOR TRANSFORMATION OF THE ECONOMY

THE EXCEPTIONAL SITUATION *in the world economy, customers' high expectations on accessibility and their need for qualified advice lead to changed demands on us. We are working continuously to develop SEB in order to meet our customers' needs today and tomorrow.*

EXCEPTIONAL SITUATION IN THE WORLD ECONOMY

Even though the world economy shows signs of stabilisation and we are seeing increased activity among our Nordic and German corporate customers, the recovery has been sluggish.

The macroeconomic situation has a major impact on our customers' level of activity and thus on our business. Moreover, the Bank is affected by record-low interest rates and by the central banks'



efforts to stimulate growth in the eurozone and the US by pumping enormous amounts of liquidity into the economy. This has led to record-high valuations in the stock markets and falling bond rates. Oil prices dropped during the year and negative interest rates became a reality in Sweden and Denmark in 2015. Altogether, there is substantial uncertainty and economic growth remains subdued in spite of the stimulatory efforts.

DIGITAL OPPORTUNITIES

Rapid digital development is giving rise to new demands on service, accessibility and efficiency. Private and corporate customers want to do increasingly more of their banking via mobile devices and through seamless and integrated interfaces with their bank. In the payments area, a multitude of new, simple solutions are emerging, along with new competitors.

This is creating opportunities to improve services and accessibility in our customer offering. It is also enabling us to simplify and improve the efficiency of our processes. Moreover, the banking sector as a whole can invest in developing common technology platforms, customer-oriented infrastructure and modern functionality.



CUSTOMERS' NEEDS

Our main driving force is to understand and meet our customers' needs in a changing world, where companies and individuals are affected by greater globalisation and rapid technological change. Private individuals are also faced with ever more decisions when it comes to taking responsibility for their financial security and welfare.

»Our main driving force is to understand and meet our customers' needs in a changing world.«

As a relationship bank we strive to build long-term customer relationships, to meet customers' needs in various phases of life and development, and to be there for our customers in good and bad times. For our corporate customers this entails supporting their growth and offering customised solutions at each stage, from start-up to global industrial operations. For private individuals we strive in the same way to be their financial partner in all stages of life.

REGULATORY DEMANDS

Regulatory authorities have taken a more over-arching and in-depth approach to avoid future financial crises. The aim is to strengthen stability in the financial market and in every individual financial institution. At the same time, the authorities are adopting measures for improved functionality and infrastructure in the financial markets while enhancing consumer protection. At the EU level a web of regulations and directives have been drawn up towards these objectives.

SEB is working intensively to implement the changes needed in customer service, processes and systems. The costs for running a bank are considerably higher today than before the financial crisis. For instance, the large volume of new regulations results in increased costs for compliance and risk functions. There is a lack of harmonisation between EU countries which distorts competition. The cumulative effects of the regulations must be closely monitored so that real economic growth is not hampered. For example, higher capitalisation and new liquidity requirements may make loans more expensive, particularly for SME borrowers.

The result of the EU's evaluation of European banks' financial strength and resilience in stressed scenarios (AQR) carried out in 2014 shows that Swedish banks are strong.

HIGHER DEMANDS IN SWEDEN

The Swedish Financial Supervisory Authority (FSA) has increased the requirements when codifying the EU's directives into rules and regulations for banks domiciled in Sweden. The FSA is demanding that liquidity and capital requirements be implemented earlier than the rest of the EU, and the capital requirement is considerably higher than for other banks in the EU.

LONG-TERM FOCUS AND RELATIONSHIPS

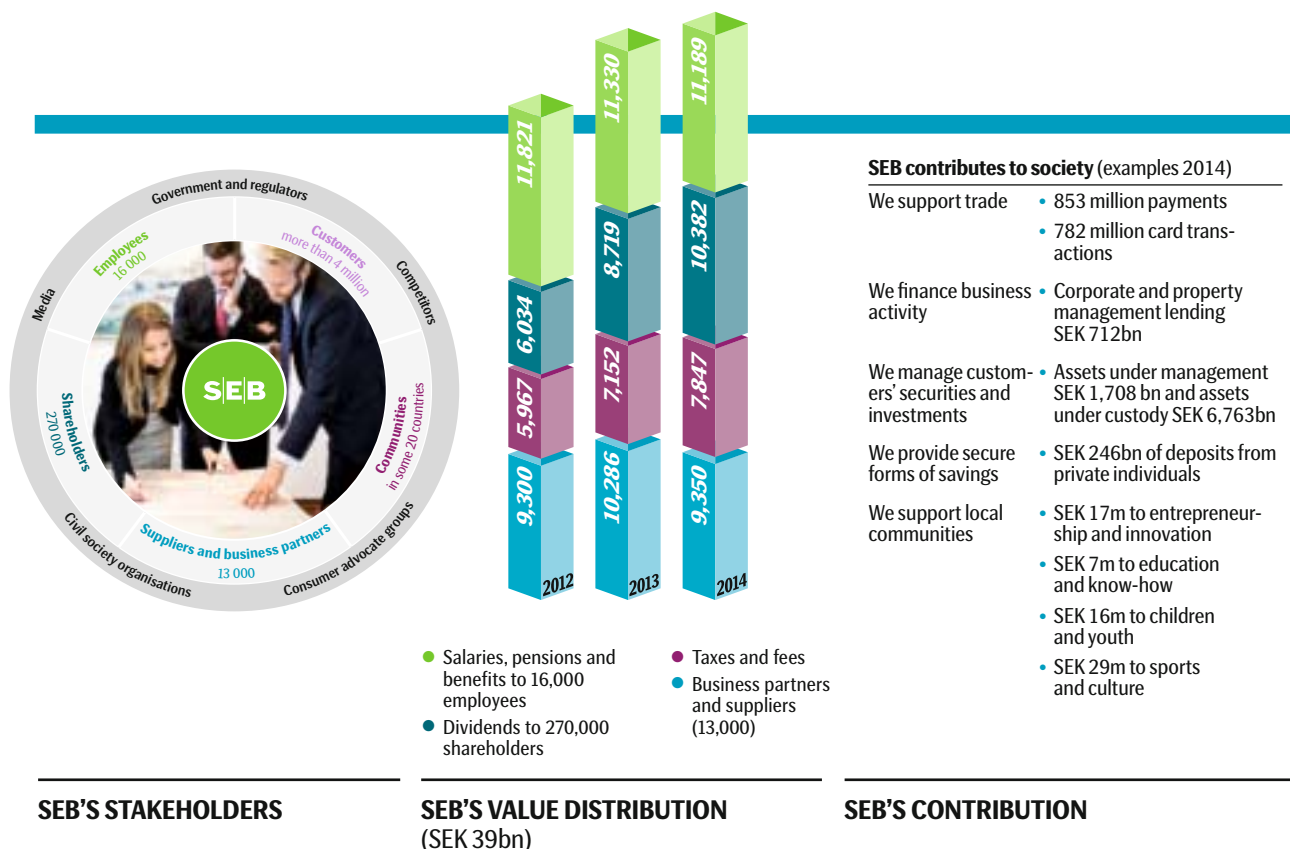
SEB'S STRATEGIC FOCUS REMAINS: *Long-term customer relationships built upon a strong financial position form the foundation for sustainable profitability. This creates value for our customers, shareholders and employees – and for society as a whole.*

SEB was founded in the service of enterprise nearly 160 years ago and has always played an active part in the development of the societies and markets in which it operates. By assisting customers with financing, secure payments and wealth management, SEB promotes economic development and international trade, contributes to financial security thereby creating value.

In its ambition to be the leading Nordic bank for corporates and financial institutions and the top universal bank in Sweden and the Baltic countries, SEB has adopted a strategy based on three pillars: long-term customer relationships, resilience and flexibility, as well as growth in areas of strength.

In addition to offering high-quality products and services, we build long-term relationships by sharing our expertise and know-how with our customers. We safeguard our customers' financial strength by providing a customised offering.

SEB's financial strength is crucial for maintaining the long-term trust amongst our stakeholders. With this trust and our role in society comes a responsibility for how we conduct our business including how we manage ethical, social and environmental aspects. Together they form the foundation for achieving our goals for customer satisfaction, employee engagement and profitability, and creating shareholder value, both in terms of dividend and share value.



STRATEGIC PRIORITIES AND FINANCIAL TARGETS

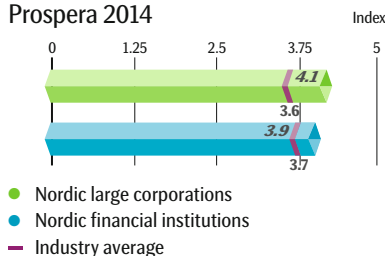
LONG-TERM CUSTOMER RELATIONSHIPS

Develop long-term relations by helping customers with advisory services and products that meet their full financial needs.

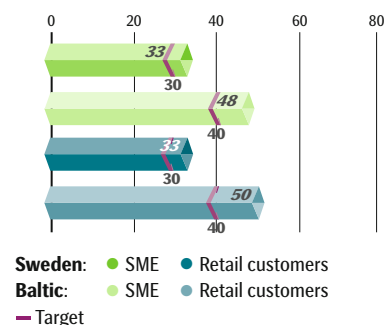
Performance is monitored by external and internal measurements of customer satisfaction.

CUSTOMER SATISFACTION

Willingness to recommend:
Prospera 2014

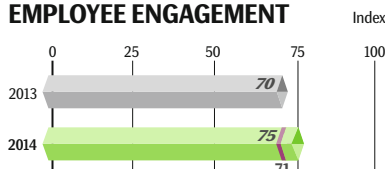


Net Promoter Score 2014

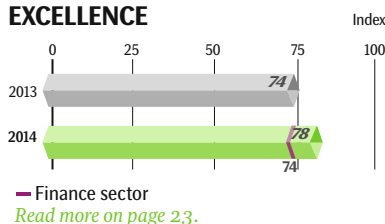


A key prerequisite for SEB to deliver on long-term customer relations is employee engagement and performance excellence, as measured by the annual Insight survey.

EMPLOYEE ENGAGEMENT



EMPLOYEE PERFORMANCE EXCELLENCE



— Finance sector
Read more on page 23.

RESILIENCE AND FLEXIBILITY

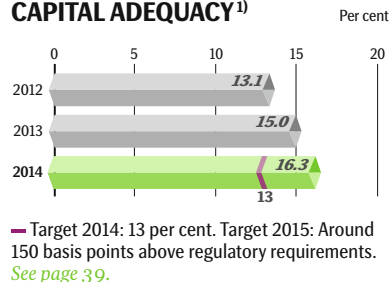
Maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Financial strength is built upon cost- and capital efficiency.

In the current, exceptional economic environment, SEB can capitalise on growth opportunities by virtue of its strong capital base and good access to funding, high credit ratings and improved cost-efficiency.

Financial targets

The financial targets reflect the ambition to generate competitive profitability over time while meeting the regulatory requirements for the size of the capital. The long-term ambition is 15 per cent return on equity.

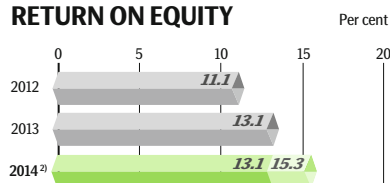
CAPITAL ADEQUACY¹⁾



— Target 2014: 13 per cent. Target 2015: Around 150 basis points above regulatory requirements. See page 39.

1) Common equity Tier 1 capital ratio, Basel III.

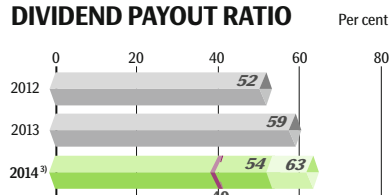
RETURN ON EQUITY



Target: Competitive with peers which in the long term means 15 per cent.

2) Including (15.3) and excluding (13.1) one-time items.

DIVIDEND PAYOUT RATIO



— Target: Above 40 per cent

3) Excluding (63) and including (54) one-time items.

Read about revised financial targets on page 39.

GROWTH IN AREAS OF STRENGTH

Large corporate and institutional business in the Nordic countries and Germany

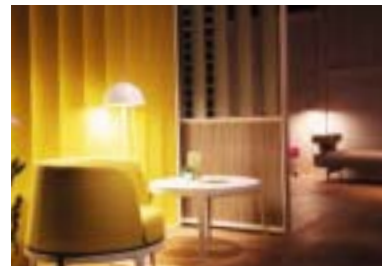
Be the leading Nordic bank for large corporate customers and financial institutions and to be the preferred bank for targeted corporate customers in Germany.



Read more on page 10–13

Small and medium-sized enterprises in Sweden

Develop and broaden the offering to small and medium-sized enterprises by drawing from SEB's position as the leading corporate bank in Sweden.



Read more on page 14–17

Savings offering to private individuals and institutions

Create growth by offering customers advisory-based savings solutions with a holistic perspective.



Read more on page 18–21

THE NORDIC BANK WITH

SEB IS THE BANK OF CHOICE for large corporations and financial institutions in Sweden and holds a forefront position in providing corporate services in Norway, Denmark and Finland. In Germany, focus is on selected customers in the mid-corporate sized segment. SEB provides universal banking services in Sweden, Estonia, Latvia and Lithuania.

SEB is well positioned to serve corporate customers from the Nordic countries and Germany around the globe, with offices in international financial centres such as New York and London, in Asia via offices in Shanghai, Beijing, Hong Kong and Singapore. The

Bank's international network is also highly instrumental in its ability to offer global financial institutions access to investment opportunities in Nordic assets – an area in which SEB is the leader.

 **SWEDEN** GDP 2014¹⁾ **+2.0** ↗



**ANNIKA
FALKENGREN**

President and CEO

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

Development: Operating profit increased by 6 per cent (excluding capital gain from divestment of Euroline and shares in MasterCard). Growing loan and deposit volumes led to higher net interest income. Operating expenses decreased by 1 per cent.

 **DENMARK** GDP 2014¹⁾ **+1.0** ↗



**PETER
HØLTERMAND**

Country manager

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

Development: Underlying business developed well in all divisions. However, one specific credit loss provision led to a decrease of operating profit of 2 per cent. Operating expenses decreased by 6 per cent.

 **NORWAY** GDP 2014¹⁾ **+2.1** ↗



**WILLIAM
PAUS**

Country manager

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

Development: Operating profit rose by 5 per cent excluding a capital gain from divestment of shares in MasterCard. The closing of several large deals resulted in a record-year in terms of both operating income and operating profit.

 **FINLAND** GDP 2014¹⁾ **0.0** ↗



**MARCUS
NYSTRÉN**

Country manager

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

Development: Operating profit grew by 7 per cent in spite of the weak economic situation in the country. Operating profit in Merchant Banking and Wealth Management increased by 6 per cent respectively.

¹ Actual 2014. Arrows indicate 2015 forecast according to SEB's economists.

GLOBAL PRESENCE

SHARE OF SEB'S OPERATING INCOME 2014

Sweden	60 %	Estonia	3 %
Denmark	7 %	Latvia	2 %
Norway	8 %	Lithuania	3 %
Finland	4 %	Other	6 %
Germany	7 % ¹⁾		

SHARE OF SEB'S OPERATING PROFIT 2014

Sweden	55 %	Estonia	3 %
Denmark	7 %	Latvia	1 %
Norway	12 %	Lithuania	3 %
Finland	5 %	Other	7 %
Germany	7 % ¹⁾		

1) Excluding treasury operations.

GERMANY GDP 2014¹⁾ +1.5%



FREDRIK
BOHEMAN

Country manager

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

Development: Operating profit increased by 52 per cent. Operating profit for Merchant Banking improved by 63 per cent, mainly driven by the strong results for equities and investment banking.

ESTONIA GDP 2014¹⁾ +1.8%



RIHO
UNT

Country manager

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

Development: Operating profit was strong and rose by 8 per cent in spite of the economic development in Finland and Russia. Lending increased to both households and companies.

LATVIA GDP 2014¹⁾ +2.4%



AINĀRS
OZOLS

Country manager

UNIVERSAL BANK. SEB is the second largest bank in Latvia, with a comprehensive offering of banking services. The bank holds a strong position in private and corporate banking, with strength in the long-term savings market.

Development: Operating profit was down by 7 per cent, partly because the business was affected by the conversion to euro in the beginning of the year. Loan volumes decreased.

LITHUANIA GDP 2014¹⁾ +3.0%



RAIMONDAS
KVEDARAS

Country manager

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

Development: Higher income, lower expenses and improved asset quality led to an increase of operating profit of 42 per cent. Deposit volumes rose notably in the fourth quarter before the euro conversion at year-end.



»SEB's client team has a deep understanding of our business model and therefore an excellent knowledge of our banking needs. We value SEB's advisory-driven and relationship-oriented approach, which has made the bank a reliable partner to CompuGroup for years.«

Christian B. Teig
CFO CompuGroup Medical



Christian B. Teig in discussion with Matthias Kunst, Client Executive, SEB (left)



CompuGroup
Medical



Since SEB's first business contact with the German CompuGroup Medical AG some ten years ago the co-operation between the IT-company and the bank has grown into a full partnership. In 2014, SEB arranged with two other banks a syndicated loan of EUR 400 million to refinance CompuGroup's previous syndicated loan – prepared and syndicated by SEB – and some bilateral agreements. Over the years, SEB has supported the growth ambitions of CompuGroup by providing several financing transactions. Cash management in the company's European subsidiaries – including set up of a cash pool in Scandinavia – as well as foreign exchange transactions, are other important services provided by SEB.

– COMPUGROUP MEDICAL –

CompuGroup Medical is one of the leading eHealth companies in the world. With a revenue base of approximately EUR 500 million, its software products are designed to support all medical and organisational activities in doctors' offices, pharmacies, laboratories and hospitals. CompuGroup Medical's services are based on a unique customer base of over 400,000 physicians, dentists, hospitals, pharmacies and different networks. With locations in 19 countries and customers in 43 countries worldwide, CompuGroup Medical is the eHealth company with one of the highest coverage among eHealth service providers.

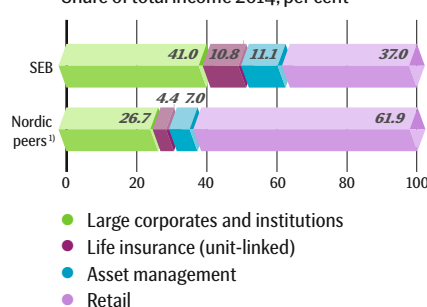
LEADING NORDIC CORPORATE BANK

SEB'S AMBITIONS REMAIN THE SAME: *to maintain the position as the leading Nordic bank for large corporate customers and financial institutions and to be the preferred bank for targeted German corporate customers.*

SEB is the leading Nordic bank for large corporations and financial institutions. Traditionally, SEB's market position has been particularly strong in Sweden. In recent years, the bank has grown significantly in the other Nordic countries and Germany, where we also offer comprehensive solutions for companies and institutions. Customers are served in local markets through SEB's presence in more than 20 countries around the world.

THE LEADING NORDIC CORPORATE BANK

Share of total income 2014, per cent



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



OUR CUSTOMERS

We serve some 3,000 large corporations and financial institutions.

– LARGE CORPORATIONS –

SEB's corporate customers operate in a broad range of industries and sectors – from manufacturing and service companies to investment and property companies. In the Nordic countries these companies are among the largest in their respective industries. In Germany the customers range between large mid-corp segment and large multinational corporations. Most of them operate internationally and appreciate SEB's international network.

– INSTITUTIONS –

SEB's institutional customer base consists of pension and asset managers, hedge funds and other banks that operate both in the Nordic region and internationally. Many of these customers work in an environment in which regulations create a need for financial structuring and advisory-based services. In addition, in the prevailing low-interest rate environment, financial institutions are seeking to identify alternative investments.

STRATEGY

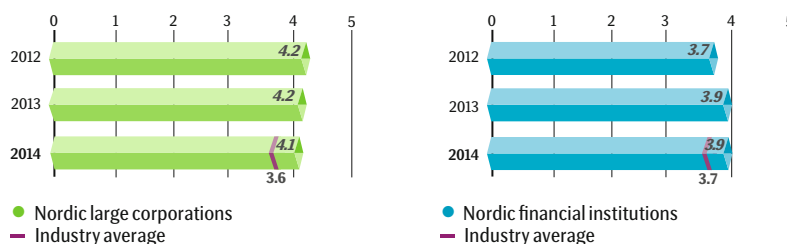
For nearly 160 years SEB has adhered to a relationship bank model based on long-term perspective, proximity to customers and an intrinsic understanding of their businesses. Customer relationships, qualified professionals and top-ranked product offerings are key success factors. Our expertise and depth of industrial understanding make SEB a natural partner for corporations and institutions.

In 2010 SEB embarked on a strategy of growth in the Nordic and German markets. Over time, customers will need a more diversified range of products, which broadens the business relationship. With a broader customer base, SEB's focus going forward is on meeting customers' total needs for financial products and advice as the customer relationship develops.

Our customers typically have many contacts with the bank – with advisory specialists, in day-to-day business activities and with online customer interfaces. We therefore designate a client executive to take responsibility for the customer's total engagement with the bank while the customer is served in many different areas.

CUSTOMER SATISFACTION, WILLINGNESS TO RECOMMEND

According to Prospera



SEB strives to be the bank that customers are most willing to recommend. In 2014, SEB was ranked as number 2 by Nordic large corporations and as a shared number 2 by Nordic financial institutions.

ACTIVITIES DURING 2014

Companies showed higher investment and activity levels in 2014, mainly relating to mergers and acquisitions. A great number of stock market introductions were also carried out.

ACTIVE CORPORATE CUSTOMERS

Business sentiment among Nordic and German large corporate customers turned more positive, evidenced by the many event-driven activities. Our number one position in the Nordic M&A market was confirmed and we arranged the largest number of transactions. In addition, SEB remained number one in Nordic equity and corporate bonds and was the leading underwriter of green bonds globally.

SEB advised in 32 corporate structure transactions and 8 stock market introductions. The trend that companies obtain funding in the corporate bond market stabilised at a high level this year. As an arranger of corporate bonds SEB also provides advice and offers a secondary market. SEB participated in 492 bond issues covering a total volume of SEK 2,041bn.

STRONG OFFER TO INSTITUTIONS

SEB strengthened its overall position with financial institutions. We made several investments in financial infrastructure, in some cases in cooperation with external parties. For instance, SEB entered into a partnership with Brown Brothers Harriman where financial institutions will be offered state of the art global custody functionality using SEB's customer interface. More international hedge funds are using SEB as one of their partners. Financial institutions use us for issuing and investing in green bonds which funds projects with an environmental profile. In 2014, SEB issued new green bonds at a total amount of SEK 27bn.

STRONGER Foothold in the Nordic Countries and Germany

In 2014, SEB was named the number 1 Nordic corporate bank in Prospera's customer survey. Our strategic initiatives to grow and deepen our customer relationships in the other Nordic countries and Germany continued to show good progress. The development in Norway and Denmark was strong, while Finland was hampered by the situation in Russia and Ukraine. In Germany, SEB was named as the bank that existing customers most highly recommend according to Prospera.

ADVISOR IN ELECTROLUX' US ACQUISITION

During the year SEB served as an advisor in most merger and acquisition transactions within the Nordic area. For example, SEB was joint advisor to Electrolux in its acquisition of GE Appliances, one of the largest household appliance manufacturers in the US. The purchase price corresponded to SEK 23.4bn, representing one of the largest cash acquisitions ever made by a Swedish company in the US.

Once the deal is completed (which is subject to customary regulatory approval), Electrolux will be the largest household appliance manufacturer in the world. Electrolux intends to finance the acquisition with debt as well as with a rights issue corresponding to 25 per cent of the purchase price.

In addition to financial advice in relation to the acquisition, SEB, jointly with another bank, structured and provided a bridge facility totalling 3.5bn US-dollar, which subsequently was syndicated to a group of eleven banks. SEB will also play a leading role in the planned rights issue and coming debt transactions.

Many SEB units have been involved in the deal.



ONE BILLION FOR MICRO-FINANCE

As the only Nordic bank, SEB offers the opportunity for investing in so-called micro-finance funds. During 2013 and 2014, around SEK 1bn was invested, which in turn financed micro-financing institutions. More than six million individuals or small businesses in some 25 developing countries can now borrow to invest in for instances machines, vehicles or business premises to get their business started. Many of these people would otherwise not have had access to the financial system.

The funds are only open to institutional investors who have shown a great interest in this type of social investments.

STRATEGIC PRIORITY – OUTCOME

APPROX
470
new customers
since 2010

12
PER CENT
of large corporate customer
income 2014 from new clients

32
NUMBER
M&A transactions in the
Nordic countries in 2014

2,041
SEK BN
bond
issuance

ENHANCED CUSTODY OFFERING

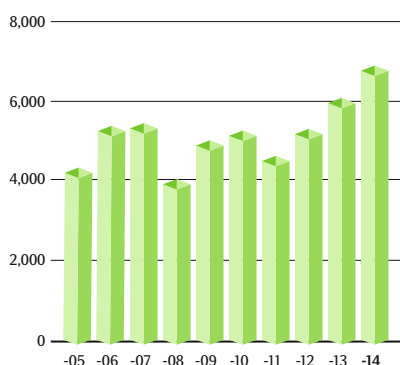
In 2014, SEB entered into a partnership with Brown Brothers Harriman (BBH), a global leader in custody services. Through this partnership SEB will offer financial institutions market-leading global custody services based on BBH's technical functionality. SEB will continue to take responsibility for the entire client relationship and manage all customer

contacts, ranging from sales and customer service to all related products that a financial institution needs.

By year-end 2014 SEB – with its over 100 years of experience in the area – held securities worth SEK 6 763bn for its clients. This volume, spread across more than 85 markets, makes SEB the largest custodian in the Nordic region and the 15th largest globally according to the magazine Institutional Investor.

ASSETS UNDER CUSTODY

SEK bn



SEB'S CUSTODY OFFERING

Custody is about managing and safeguarding clients' financial instruments such as equities and bonds. Our offer includes clearing and settlement, safekeeping, fund execution and corporate actions.

RESPONSIBLE BUSINESS

We believe that all companies over time must embrace sustainable processes. We therefore take responsibility issues into account in our business – the direct and indirect impact of our lending, asset management, payment and risk management activities.

SEB's position

SEB's sustainability policy is adopted by the Board of Directors. The bank has taken a position on specific sustainability issues, such as climate change, child labour and access to fresh water, and has also drawn up special instructions for industries such as arms and defence, forestry, fossil fuels, mining and metals, renewable energy and shipping.

SEB as an asset manager

Through our management of investments portfolios and mutual funds, SEB is one of the largest owners on the Nasdaq Stockholm exchange, and we are actively involved in numerous company boards and nomination committees. Issues include equality and diversity in company boards and corporate remuneration programmes. We also focus on issues such as anti-corruption, carbon emission and areas related to child labour and working environments for employees.

Read more on page 24 and in SEB's Corporate Sustainability Report on sebgroupp.com.



JOACHIM ALPEN & JOHAN TORGEBY

Co-heads of the Merchant Banking division

How would you summarise 2014?

Alpen: The number of company deals such as stock market introductions, acquisitions and funding arrangements has increased and SEB has been very active as an advisor and financing partner. The markets for equity deals, corporate bonds, and currency and commodity trading have been strong, counteracting the effects from the low interest rates.

Zero interest and central bank support – how was business affected?

Torgeby: It has led to unusually high liquidity in the market, and as a result, access to capital is very good. Investors are seeking alternatives to the risk-free return, which is near zero. This benefits activity in the capital market.

There were many corporate deals. Is the stock market attractive again?

Alpen: There have been many stock market introductions, and the market has been strong. But the macroeconomic situation is uncertain. When investors are looking for returns on surplus liquidity, they often take greater risks. If the real economy does not perform as expected, there is a risk of a backlash.

What is your view on the future?

Torgeby: The greatest challenge is posed by the uncertain economic and political sentiment and dealing with the new rules and regulations that affect us as well as our customers. The rapid pace of digital development is both a challenge and a great opportunity.



Per-Arne Andersson at Kinnarps's showroom outside Stockholm.

»We chose to move our business to SEB because they showed such a long-term focus and such great commitment. SEB understands our business and is an important advisor on financial matters. We also benefit greatly from the bank's geographical network.«

Per-Arne Andersson
CEO, Kinnarps



After many years of extensive prospecting work, in early 2013 SEB gained the furnishing group Kinnarps as a customer. Since then, things have progressed very rapidly. After first taking over the company's financing, SEB has now installed cash management solutions for Kinnarps in the Nordic countries, Germany and the UK, and has implemented new risk management systems for the company's business in countries outside of its home markets. Today, Kinnarps uses a wide range of the bank's various products.

– KINNARPS –

Kinnarps is a family-owned company with sales of nearly SEK 4 bn and 2,500 employees. The company's philosophy is based on creating effective and appealing work environments, tailored for each unique organisation.

COMPREHENSIVE SOLUTIONS

SEB HAS OVER THE YEARS BEEN WORKING HARD *to be the best bank for small and medium-sized companies. It is therefore rewarding that more and more business customers are choosing SEB as their bank.*

STRATEGY

In the market for small and medium-sized enterprises (SME) SEB's strategy is to develop and expand its offering by building on the bank's reputation as the leading corporate bank in Sweden. The key is to take a comprehensive approach to each company's situation, including the needs of its employees and owners, both in Sweden and the Baltic countries.

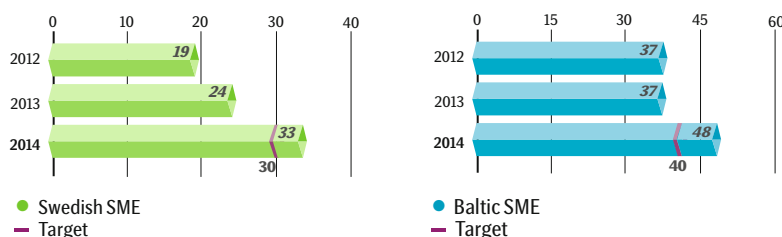
Small businesses demand easily accessible packaged services, while for medium-sized companies SEB adapts the bank's services and advice for large corporates to suit the needs of smaller organisations. In recent years SEB's local presence has been strengthened through an increased number of corporate advisors and the establishment of business centres in the large cities. In addition, high availability for customers is prioritised through personal telephone advice 24 hours a day, online services and mobile applications.

With respect to medium-sized companies, SEB's focus is on gaining an intrinsic understanding of their challenges and needs in parallel with its efforts to build long-term partnerships, such as by offering advice on financial risks, capital structure, mergers and acquisitions, and succession issues.

SEB's ambition is to further increase customer satisfaction through improved services and advisory processes, including business propositions.

CUSTOMER SATISFACTION, WILLINGNESS TO RECOMMEND

According to Net Promoter Score (NPS)



STRATEGIC PRIORITY – OUTCOME

APPROX
12,700
new customers
in 2014

235 SEK BN
lending to small and
medium-sized companies



OUR CUSTOMERS

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

– SME CUSTOMERS –

The number of home bank customers increased during the year by 9,400 to 149,000 in Sweden. One in four newly started businesses chooses SEB as its bank. In the Baltic countries, the number of home bank customers increased by 3,300 to 97,000. A large share of these customers are also private customers of the bank.

– MID CORP CUSTOMERS AND PUBLIC SECTOR –

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

ACTIVITIES DURING 2014

SEB's small and medium-sized corporate customers continued to broaden their relationships with the bank. However, the more subdued business climate in the European economies affected these companies and demand for corporate credit was low.

NEW INTERNET BANK, NEW APPS AND EFFICIENT PAYMENTS

During the autumn, SEB's new internet bank for corporate customers in Sweden was launched, with an entirely new interface and simple navigation. SEB's internet banks in Estonia and Lithuania were also upgraded.

The tablet version of SEB's corporate banking app was upgraded and now features a better overview and improved customer experience.

In Sweden, SEB was the first bank to support the new Visma AutoPay payment system, which automates payments between companies' business systems and the bank. Previously, most companies uploaded their payment files to the internet bank or used a separate link to Bankgirot/Plusgirot.

Towards the end of the year, a new version of the seb.se website was launched for corporate as well as private customers. *(Read more on page 20.)*

In the Baltic region SEB rolled out its Baltic Innovation Lab aimed at corporate customers. Through networking and discussions in workshops businesses are guided to innovation and assisted in resolving business problems, especially for start-up companies.



"CONSTRUCTIVE AND PROFESSIONAL"

As winter nears and the Christmas season approaches, business becomes hectic for the Estonian company Hansa Candle. The last three months of the year account for 45 per cent of the company's sales of approximately EUR 19 m. This privately held company, established in 1996, makes tealight candles, traditional candles and outdoor candles, among other things. 90 per cent of its production is exported to 17 countries. Sweden – where IKEA is a major customer – accounts for half of the company's sales.

»Our co-operation with SEB is constructive and professional. SEB understands our highly seasonal business and has a high level of advice and information.«

Andre Aav, Managing Director

SEB took on Hansa Candle as a customer in 2013, and since then has refinanced the company's existing loans and arranged a new long-term loan. The financing structure is custom-tailored for the company.



Andre Aav and Piret Raud, client executive SEB, by the tealight line.



CEO Gunilla Osswald and SEB's corporate advisor Christopher Magnusson in the research lab of BioArctic.

"A GENUINE INTEREST"

In a research lab on the west side of Kungsholmen in Stockholm, some 30 scientists are at work on developing drugs to slow the progression of Alzheimer's and Parkinson's diseases. This effort is conducted by the company Bio-Arctic Neuroscience, which was founded in 2003 by Pär Gellerfors and Lars Lannfelt, and is based on the latter's internationally acclaimed research results.

»We are very satisfied with our co-operation and the service we receive from SEB. The bank is genuinely interested in gaining an understanding of our unique business.«

Gunilla Osswald, CEO

SEB, which has been BioArctic's bank since 2012, manages the company's currency flows in connection with payments from the Japanese pharmaceutical company Eisai in pace with the achievement of various targets, and various types of research grants. The bank also helps the company with cash management, investments, card-handling and banking services for its employees.

EXPANDED SUPPORT TO ENTREPRENEURSHIP



For the 16th year in a row, His Majesty the King Carl XVI Gustaf presented the New Settler of the Year award. SEB's CEO Annika Falkengren was on hand to congratulate Temerlan Mamergov.

Over the years SEB has been supporting entrepreneurship and new business start-ups in Sweden. The idea is to help entrepreneurs in every phase. Starting as early as in compulsory and secondary school, the bank contributes to set a foundation for entrepreneurial thinking. SEB is also supporting new business ideas and is on hand during a company's start and growth period. Examples of partners in this area are Young Entrepreneurs/Junior Achievement and NyföretagarCentrum (Enterprise Agency).

Role models are important. That is why SEB has also taken an involvement in a number of different competitions and awards, such as Business Challenge, Venture Cap and Entrepreneur of the Year.

SEB never provides just financial support to these organisations. We only involve ourselves if we can also contribute engagement and knowledge by serving as mentors, jury members, administrators and speakers.

In 2014 SEB initiated several new partnerships and co-operations with organisations such as Prince Daniel's Fellowship and Entrepreneurship Programme, aiming at inspiring and support young people, YEOS (Young Entrepreneurs of Sweden), a network for industrious young

entrepreneurs and The Golden Gavel, an award for excellent chairmanship. In all, the bank currently supports eleven different initiatives that promote new businesses and entrepreneurs.

CRAFTSMAN NAMED NEW SETTLER OF THE YEAR

SEB is one of the sponsors of New Settler of the Year ("Årets Nybyggare"), an award given to a person with an immigrant background who in a short time and with small resources has started a company in Sweden.

The award in 2014, worth SEK 100,000, was given to Temerlan Mamergov, owner of Standart Bygg & Platt AB in Skogås, outside Stockholm. Temerlan came to Sweden in 2004 as a refugee from Chechnya, learned the tile installation trade, and started his business in 2008. His company, which specialises in bathroom installations, today has 22 employees and sales of SEK 30m.

Temerlan Mamergov is customer at SEB's branch office in Haninge, south of Stockholm.



SANNA TAMM & VIRGINIJUS DOVEIKA

Heads of Mid Corp, Retail Sweden, and Retail, Lithuania

How would you summarise 2014?

Tamm: Interest in advice about financial risks and acquisitions has been great. A lot of capital has been available on the market, which has led to higher competition and price pressure. We see a strong focus on sustainability issues, and we have helped several clients in the public sector to issue green bonds.

Have you seen any increase in corporate activity in Sweden?

Tamm: Companies have taken a somewhat wait-and-see position regarding their willingness to invest in their own operations. However, there has been an increase in acquisitions. There is also a greater activity among mid-sized companies, municipalities and county councils to obtain funding in the capital market.

How has the Baltic market been affected by the Ukraine crisis?

Doveika: The biggest impact was from sanctions imposed on the transportation and dairy industries, in particular. However, companies in the Baltic countries have experience with recurring trade interruptions, so they have already learned to diversify risks related to a promising but risky markets.

What is your view on the future?

Doveika: In all, 2015 is a challenging year, but with higher potential in the Baltic markets and increasing business opportunities in new export markets for our customers.



»Both at work and in my private life I want two-way communication – I have that with SEB. When you are fully occupied with other things, it is comforting to have a banking partner who takes care of all your financial matters – and does so with a high level of competence.«

Andreas Berglund



When Andreas Berglund and his wife Jennie moved back to Sweden 2009 after a couple of years in Norway, they went in search for a comprehensive banking solution. They actively chose SEB, and during the first years after their return, they were customers of the bank's branch in Lerum, outside Gothenburg. Since December 2012 the family lives in Örnsköldsvik, where they rely on their local SEB branch for their household mortgage, savings (also for their three children), pension solutions and insurance.

Andreas Berglund, Sales Manager at Stringo, the world's leading producer of vehicle movers, and Jennie Berglund, Regulatory Director at Pharmacure Health Care International, recently bought an older house in central Örnsköldsvik, where they live with their three children. The Berglunds also own Bodrato AB, the Nordic distributor for the Italian chocolate manufacturer Bodrato Cioccolato – and also a customer of SEB.

ACCESSIBILITY AND ADVICE

SEB PROVIDES ADVICE TO SOME FOUR MILLION PRIVATE CUSTOMERS in Sweden and the Baltic countries along with financial products and services. Our ambition is to offer solutions for all financial needs.

STRATEGY

SEB's strategy in the private market is to meet customers' full needs for advice and financial services. We make it easy for our customers to manage their personal economy and plan for the future, with a special emphasis on savings.

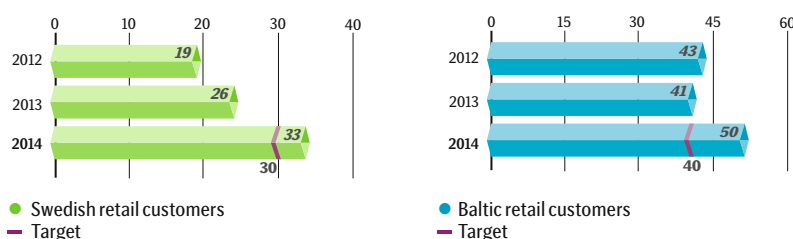
To achieve this, the bank offers services and products for all phases of life along with advice and expertise in various areas and levels.

Availability is a key component in our offerings and we provide a range of tools and interfaces which make it easy for customers to manage their finances. We give customers the opportunity to choose how and when they want to meet us – at our 277 branch offices or through our 24-hour online, mobile and telephone banking services, where customers are served in 24 different languages. In 2014, SEB's Swedish private customers chose digital or mobile services for more than 90 per cent of all their interactions with us, compared to around 30 per cent ten years ago.

Customer satisfaction improved considerably in 2014. Going forward we are continuing with our work in this area through improved household mortgage processes, new and more advanced digital services as well as continued improvement and simplification of the savings offering. In 2015, SEB is reintroducing savings through traditional life insurance in Sweden to give customers a comprehensive savings offering.

CUSTOMER SATISFACTION, WILLINGNESS TO RECOMMEND

According to Net Promoter Score (NPS)



STRATEGIC PRIORITY – OUTCOME



OUR CUSTOMERS

In all, SEB has approximately 4 million private customers in Sweden and the Baltic countries – Estonia, Latvia and Lithuania.

– RETAIL CUSTOMERS –

In 2014 the number of home bank customers increased by 11,000 to 477,000 in Sweden and by 16,000 to 860,000 in the Baltic countries. Many private customers are also corporate customers. SEB has a strong position in the private market in the major metropolitan areas in Sweden.

– PRIVATE BANKING CUSTOMERS –

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

ACTIVITIES DURING 2014

A new, comprehensive offering of savings products with simplified advisory services was well-received by customers. Online and mobile services were upgraded. In addition, SEB introduced stricter recommendations on amortisations in order to continue to promote a savings culture.

NEW APPS AND UPDATED WEBSITE

In the autumn SEB's mobile banking app was updated, allowing customers to now also view their loans. The tablet version of the app was also given an entirely new look and now offers a better overview.

Towards the end of the year, the new seb.se website was launched, offering customers a cleaner layout and easier



navigation than before. Moreover, the website is adapted for mobile phones and tablets.

Students interested in starting their own company are now offered the service "Enkla firman Student" free of charge (worth SEK 600 per year). Ordinary banking services have already been free of charge for some time for students.

In the Baltic countries SEB launched Home Chooser, an online search portal for homes for sale. The new platform is free of charge and open for everyone in Estonia and Latvia.

A further step in the development of payment services was taken when Swish payments from private individuals to businesses became possible.

ENHANCED SECURITY AND IDENTIFICATION

To meet demand for secure and simple log-ins, SEB offers a new, neutral BankID card. The new card serves as a means of e-verification for logging in to the private and corporate internet banks as well as to all other sites in which BankID is approved, such as the Swedish Tax Agency and Swedish Social Insurance Agency. To obtain a BankID card, customers must have a Swedish personal identity number.

Customers who do not have a Swedish personal identity number can instead obtain SEB's new Authentication Card for e-verification. This card can also be used to log in to the internet banks.



"EVERYTHING CAN BE SOLVED WITH SEB'S HELP"

When Siavoush Mohammadi was searching for the best bank for his household mortgage four years ago, he found SEB and its branch in Kista. Today he does all of his private banking – including his household mortgage, mutual funds, pensions and insurance – with SEB. Siavoush has been running his own IT consulting company for a few years and is now also a business customer at the Bank. Siavoush has also chosen SEB as his banking partner for Yari, an aid organisation for at-risk children in Iran, for which he is chairman.

»The deciding factor is the personal contact I have with Sanaz, who not only helps me with questions about my personal economy, but also serves as a gateway to the bank for my company and Yari. There is nothing I cannot solve with her and the bank's help.«

Siavoush Mohammadi



Siavoush Mohammadi together with Sanaz Skogberg (to the right), private advisor at SEB's branch office in Kista outside Stockholm.

“GOOD INVESTMENT OFFERS”

In 1996, Rimantas Dapkus and partner established an agro technical company, Dotnuvos projektai JSC, in Lithuania. Two years later he sold 50 per cent of the company, and in 2012 the remaining shares in the then well-known company in Eastern Europe were sold to the Lithuanian listed company Linas Agro.

Based on many years of close and successful co-operation with SEB, Rimantas Dapkus put his full trust in SEB Private Banking for investment advisory services after the completed sale of Dotnuvos projektai. His main investments are SEB Private Banking Fund (managed by SEB Investment Management in Stockholm), individual pension solutions, mutual funds and structured notes.

» I trust the people at SEB and I feel confident communicating with them. And most important, I get good offers for investments, which is very satisfying. SEB has a good reputation in our country.«
Rimantas Dapkus



Rimantas Dapkus is a keen mountaineer.

RULES ON MORTGAGE LENDING

Sweden is among the countries that has experienced the largest rise in home prices during the last fifteen years and is also at the top regarding home prices in relation to disposable household income. The high level of indebtedness therefore continued to be a central topic of discussion in 2014.

At SEB we believe that loan amortisation is a key factor for reducing vulnerability among our borrowers. In order to reduce risks for both the customer and the bank our starting-point is now that customers should be able to pay off their mortgages within 50 years (previously 60 years). At a loan-to-value (LTV) ratio of more

than 70 per cent, amortisation is required for new mortgages and continued amortisation is recommended below that level. In addition, SEB has long had a rule that a customer's total debt may not exceed five times the household's gross annual income, and that borrowers must be able to manage an interest rate of 7 per cent.

Together with other banks in the Swedish Bankers' Association, SEB contributes to a strengthening of the amortisation culture in Sweden. The Swedish Financial Supervisory Authority's requirements for 70 and 50 per cent LTVs for new loans are in line with SEB's amortisation recommendations.

70%

LOAN TO
VALUE

7%

INTEREST

5X

INCOME

50

YEARS
PAYMENT



INGRID JÖNSSON & MARTIN GÄRTNER

Head of Retail, Region South, Sweden
and Global Head of Private Banking

How would you summarise 2014?

Jönsson: The number of home bank customers continued to rise. Both external and internal measurements show that more and more customers appreciate the contact with us. This is proof that our work on building long-term customer relationships continues to generate positive results.

What is SEB doing to simplify customers' day-to-day banking needs?

Jönsson: Simplicity and accessibility are the guiding principles in the development of our services. Since many customers want digital banking solutions we are also working constantly on developing our internet bank and mobile app.

How are customers' investments affected by the low interest rates?

Gärtner: Low interest rates have been forcing investors further out on the risk scale in the search for returns. This has favoured assets like equities, corporate bonds and real estate. Our advice is always based on the customer's personal situation, but a general recommendation is to be vigilant and avoid undesirable risk exposure.

What is your view of the future?

Gärtner: The new regulations require that we gather more information about customers' personal situations. It is a challenge to gain an understanding of this in a way that customers do not perceive us as being cumbersome or intrusive. But by the same token this gives us an opportunity to build trust and show that we are serious.



SEB'S EMPLOYEES

THE STAFF IS SEB'S NO. 1 RESOURCE. *We take great care to attract and retain employees who want to develop, and who are committed to helping our customers reach their goals. SEB's values – mutual respect, commitment, professionalism and continuity – permeate our way of working and form the foundation of our corporate culture.*

PEOPLE STRATEGY

SEB's people strategy is built upon four cornerstones – professional employees, great leaders, high performing teams and effective organisation. This strategy, which emanates from SEB's core values and business plan, describes the expectations and demands on employees.

DEVELOPMENT AND LEARNING

In 2014 SEB was ranked as one of the most attractive employers in both Sweden and the Baltic countries, particularly among young, working business graduates. We know that an important prerequisite for attracting the best

and most engaged employees is to offer opportunities for development.

At SEB we stress learning and development as integral parts of everyday work. Modern methods and effective and proven tools are used to facilitate learning, such as web-based training in a number of areas. We also offer distinct learning paths for various professional roles. Formal continuing education plans are complemented with opportunities for hands-on practical training. SEB puts great emphasis on strengthening collaborations both within and between groups and units, and in this way creating added value for our customers.

From left to right: Erik Lindmark, Ann Hullner Sundvall, Elin Åkerman, Michael Sparring, Carl-Filip Strömbäck at SEB in Stockholm.

LEADERSHIP IN CHANGE

SEB has a long tradition of working with leadership development. In a world characterised by continuous change and challenging business environments, managers are becoming subject to ever-higher demands. They must inspire, serve as role models and create conditions for employees and teams to develop our business in the best way possible. By offering global development programmes we make it possible for employees to build necessary leadership qualities and develop both personally and as team members.

“Leadership in SEB is rapidly shifting from the *what* and *how* to also include an inspirational *why*. Being guided by a higher purpose and creating customer value together, unleashes the talent in everyone - a key to continue to attract the best people”, says Staffan Åkerblom, Head of Leadership & Organisational Development.

REFLECTING DIVERSITY

SEB's ambition is to reflect the diversity of the communities where we are active, and to offer our employees equal opportunities to develop individually – regardless of gender, ethnic origin, age, sexual orientation or faith. In recent years we have worked systematically to improve our processes and how we recruit, develop and communicate.

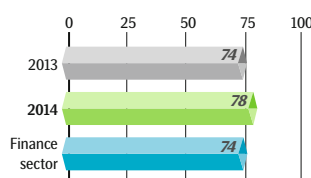
In our process of identifying talented individuals, special focus is put on promoting women who are ready to take on a bigger job. We use scorecards to measure and follow up equality within the divisions as well as for SEB as a whole. Managers are also trained to take a diversity perspective into account. In 2014, 43 per cent (42) of SEB's managers were women. Among senior managers the level was 25 per cent (26).

EMPLOYEE SURVEY

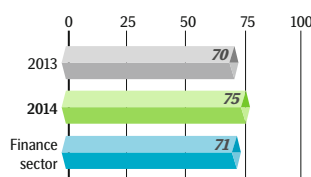
An important factor in SEB's success is that all employees feel motivated and engaged. We therefore put great emphasis on our annual employee survey, Insight, in which we measure employee engagement, effectiveness and confidence, among other things. The results from the 2014 Insight show strong improvement on all of these points. Job satisfaction is high, as is confidence in the bank's future. 86 per cent (81) of respondents said they are satisfied with SEB as a workplace, and the two main indices “Employee Engagement” and “Performance Excellence”, rose to 75 per cent (70) and 78 per cent (74), respectively – both clearly above average for the financial industry.

The survey pointed to a need for employees to even more clearly see the connection between their own role and the bank's overall vision as well as for more dialogue. In 2014, we involved all employees in open dialogue.

PERFORMANCE EXCELLENCE Index



EMPLOYEE ENGAGEMENT Index



SEB'S CORE VALUES

COMMITMENT

We are all dedicated to that everything we do creates stronger customer relations.

PROFESSIONALISM

We make it easy for people to do business with us by sharing our knowledge and being accountable for our actions.

MUTUAL RESPECT

We are open and always strive to earn the trust of others as well as from each other.

CONTINUITY

We learn, challenge and take action based on our long experience.

EMPLOYEE STATISTICS

	2014	2013	2012
Number of employees, average	16,742 ¹⁾	17,096	18,168
Sweden	8,352	8,553	8,876
Germany	894	1,013	1,174
Baltic	5,100	5,047	5,111
Employee turnover, %	8.9	11.1	9.3
Sick leave, % (in Sweden)	2.4	2.4	2.6
Female managers, %	43	42	42

1) Average number of full-time equivalents 15,714.

HEALTH AND WORK ENVIRONMENT

A safe and sound work environment combined with good health and work life balance form the foundation for our employees' performance and job motivation. Health and work environment are closely tied with each other and are an important part of the bank's business plan. SEB's health strategy focuses on preventive measures and aims to motivate and raise the knowledge about the significance of lifestyle and the work environment for individuals, the company and society. The strategy is based on the latest research findings and on recommendations from SEB's health science council.

Total sick leave in SEB in Sweden is 2.4 per cent, which is low compared with other industries and peers.





SEB – ACTIVE IN SOCIETY

BANKS HELP *individuals, businesses and society-at-large by providing financing and savings alternatives, risk management and payment services. SEB therefore has great opportunities to influence societal development within the framework of its operations. With this comes a great responsibility for how we conduct our business.*

- 1 SEB is a world leader in green bonds, and has helped to arrange such funding at a total amount of SEK 27bn during 2014.
- 2 SEB is a sponsor of El Sistema that offers education in music as a tool for social and human development.
- 3 SEB offers microfinancing funds as an investment alternative. The funds, in turn, provide financing and access to the financial system to some 6 million individuals in developing countries, such as Mrs. Ma Nay, a business owner in Battambang, Cambodia.



SEB'S THREE SUSTAINABILITY PERSPECTIVES

Responsible business

As a financial partner, investor and owner, we shall always act responsibly and with a long-term perspective in all relationships. We have both a direct and an indirect influence, and we want to contribute to sustainability in society.

- SEB helped issue SEK 27bn in green bonds.
- SEK 1bn was invested in SEB's microfinance funds.
- SEK 513bn in assets managed in accordance with the PRI Principles.

Environment

SEB has a direct environmental impact. We have set a target to reduce our CO2 emissions by 45 per cent between 2008 and 2015. By 2014 CO2 they had been cut by 42 per cent. Business travel remains a challenge. 176 of our suppliers, representing 60 per cent of supplier spend, have been evaluated from environmental and social perspectives.

People and Community

We focus on development of managers and employees, diversity and proactive health initiatives. In communities we take an active involvement in programmes benefiting children and youths, and we support entrepreneurship, knowledge and education. In 2014: SEB contributed SEK 69m in support to our various partnerships.



DEMANDS ON BANKS ARE CHANGING

Demands on banks continue to evolve. Regulatory pressure will be increasing – for better or worse. The capital markets are developing in a way that is increasing competitive pressure on traditional banking. Technological development continues to accelerate. Demands are growing for responsibility and sustainability in the financial sector.

SEB is watching and embracing this development. We have drawn up guidelines for various sectors to ensure that our lending goes to businesses that comply with our standards with respect to the environment, anti-corruption and generally accepted business practice.

ACTIVE OWNERSHIP

In our asset manager role we are active owners and advocate a sustainability perspective in the companies in which we have ownership interests. Our way of influencing is based primarily on a dialogue with company boards and management; however, in cases where this is not enough, we may divest when our standards are not met.

A CORPORATE BANK FOR FUTURE GENERATIONS

SEB is a corporate bank. This means that we are also a bank for business owners. A central part of our aspiration to support dynamic and sustainable economic development entails stimulating new entrepreneurs. We do this through active initiatives at all levels, ranging from Junior Achievement to Entrepreneur of the Year. We advocate favourable conditions for doing business and for ensuring that new businesses will contribute to Swedish competitiveness and new, social and environmentally friendly technologies.

SEB aspires to be the bank for the future. We are at the cutting edge of developing new technologies and have been at the forefront in 24-hour mobile banking.

OUR CONTRIBUTION TO COMMUNITIES

In addition to the important role banks play in society, we work on behalf of communities in many ways. We collaborate to promote the next generation of small business owners and support initiatives on behalf of children and youth – for instance through the Mentor initiative – and the spread of knowledge. Our involvement is always based on partnerships – not least through the participation of our employees.

NEXT STEP IN SEB'S SUSTAINABILITY WORK

Some 300 employees from various countries and various parts of the Bank attended a conference focusing on the next steps in SEB's sustainability work. The participants agreed that SEB's most important accomplishments to date have been the invention of green bonds, the bank's sector policies and position statements in matters of financing and ownership, the launch of a microfinance fund, support for young and aspiring entrepreneurs, and establishing a clear structure for sustainability work. The participants agreed that the most important issues going forward were to continue earning external trust, increasing transparency and integrating sustainability with the business activities.

Speaking at the conference, Viveka Hirdman-Ryrberg, Head of Group Communications and Chairman of SEB's Corporate Sustainability Committee, said: "We began by setting a strategy for our sustainability work. We have now taken the next step where sustainability is integrated in the Bank's overall strategy. It is most important that we run our core business and lend, manage wealth and manage risk in a long-term sustainable manner."

»Sustainability is not a project, but an integral part of the Bank's strategy. Long-term perspective and sustainability are two sides of the same coin.«

Annika Falkengren



THE SEB SHARE 2014

IN 2014, THE VALUE OF THE SEB CLASS A SHARES INCREASED by 17 per cent while the FTSE European Banks Index decreased by 2 per cent. Earnings per share amounted to SEK 8.79 (6.74). The Board proposes a dividend of SEK 4.75 per share for 2014 (4.00).

SHARE CAPITAL

SEB's share capital amounts to SEK 21.942m, distributed on 2,194.2 million shares. Each Class A-share entitles to one vote and each Class C-share to 1/10 of a vote.

STOCK EXCHANGE TRADING

The SEB shares are listed on Nasdaq Stockholm, but are also traded on other exchanges, such as BATS, Chi X, Boat and Turquoise. In 2014, about 50 per cent of the trading took place on these alternative exchanges. The share is also included in the FTSE4Good index, which facilitates investments in companies with globally recognised levels of responsibility.

In 2014, the value of the SEB class A share rose by 17 per cent, while the OMX Stockholm General Index was up by 12 per cent and the FTSE European Banks Index dropped by 2 per cent. Total turnover in SEB shares amounted to SEK 233bn, of which 114bn on Nasdaq Stockholm. Market capitalisation by year-end was SEK 218bn (186).

During the year SEB established a level 1 sponsored American Depository Receipts (ADR) programme in the US.

DIVIDEND POLICY

SEB strives to achieve long-term dividend growth without negatively impacting the Group's targeted capital ratios. The

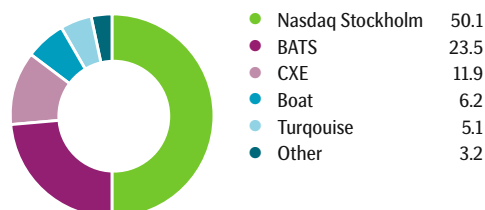
annual dividend per share shall correspond to 40 per cent or above of earnings per share. Each year's dividend is assessed in the light of prevailing economic conditions and the Group's earnings, growth possibilities, regulatory requirements and capital position.

TOTAL SHAREHOLDER RETURN IN 2014

Total shareholder return (TSR) – i.e. share price development and reinvested dividends per share – amounted to 23 per cent (60 per cent). In terms of total shareholder return SEB ranked number two among its Nordic peer group in 2014 compared with number one in 2013. The average TSR for the Nordic peer group in 2014 was 17 per cent.

DISTRIBUTION OF TRADING IN SEB SHARES IN 2014

Per cent



SEB SHARE CLASS A

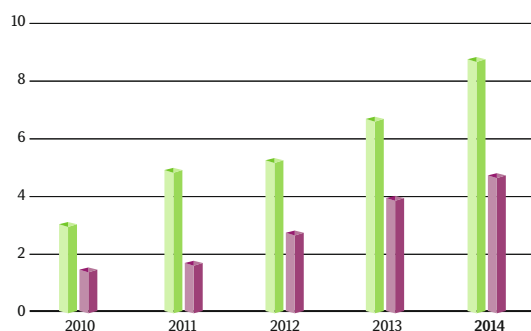
Index 1 January 2010 = 100



— SEB A shares. Price equals closing price paid on last day of each month. — Nasdaq OMX S30 — FTSE European Banks

EARNINGS AND DIVIDEND PER SHARE

SEK



— Net profit — Dividend 1)

1) A dividend of SEK 4.75 per share is proposed for 2014, corresponding to a pay-out ratio of 54 per cent.

SEB SHARES

Data per share	2014	2013	2012	2011	2010
Basic earnings, SEK	8.79	6.74	5.31	4.93	3.07
Diluted earnings, SEK	8.73	6.69	5.29	4.91	3.06
Shareholders' equity, SEK	61.47	56.33	49.92	46.75	45.25
Net worth, SEK	68.13	62.10	56.33	51.99	50.34
Dividend per A and C share, SEK	4.75	4.00	2.75	1.75	1.50
Year-end market price					
per Class A share, SEK	99.55	84.80	55.25	40.09	56.10
per Class C share, SEK	97.65	79.90	53.40	39.00	53.20
Highest price paid during the year					
per Class A share, SEK	100.60	85.10	57.95	62.00	56.55
per Class C share, SEK	99.10	80.30	54.30	61.25	53.95
Lowest price paid during the year					
per Class A share, SEK	82.25	55.70	38.87	30.72	38.84
per Class C share, SEK	77.45	53.20	38.74	33.00	42.18
Dividend as a percentage of result for the year, %	54.0	59.3	51.8	35.5	48.0
Yield, %	4.8	4.7	5.0	4.4	2.7
P/E	11.3	12.6	10.4	8.1	18.2
Number of outstanding shares, million					
average	2,186.8	2,190.8	2,191.5	2,193.9	2,194.0
at year-end	2,188.7	2,179.8	2,192.0	2,191.8	2,193.9

CHANGE IN SHARE CAPITAL

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

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

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

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

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

DISTRIBUTION OF SHARES BY SIZE OF HOLDING

Size of holding	No. of shares	Per cent	No. of shareholders
1–500	32,656,081	1.6	169,683
501–1,000	32,709,293	1.5	43,079
1,001–5,000	100,313,356	4.5	45,938
5,001–10,000	40,048,325	1.8	5,605
10,001–20,000	31,250,746	1.4	2,215
20,001–50,000	31,749,005	1.4	1,027
50,001–100,000	24,191,549	1.1	340
100,001–500,000	85,980,228	3.9	389
500,001–1,000,000	52,256,331	2.4	75
1,000,001–	1,763,016,888	80.4	223
	2,194,171,802	100	268,574

NUMBER OF OUTSTANDING SHARES, 31 DECEMBER 2014

	Share series A	Share series C	Total No. of shares
Total number of issued shares	2,170,019,294	24,152,508	2,194,171,802
Hedge for long-term incentive programmes ¹⁾	-5,495,862		-5,495,862
Repurchased own shares ²⁾	0	0	0
Total number of outstanding shares	2,164,523,432	24,152,508	2,188,675,940

1) Utilisation of long-term incentive programmes 2010–2014 ongoing.

2) 2014 AGM decision, no repurchases made.

THE SEB SHARE ON THE NASDAQ STOCKHOLM STOCK EXCHANGE

SEK m	2014	2013	2012	2011	2010
Year-end market capitalisation	218,384	185,947	121,183	87,938	123,023
Volume of shares traded	113,566	94,738	85,776	106,168	129,626

Information on the largest shareholders in SEB is found on p. 45.

RISK, LIQUIDITY AND CAPITAL MANAGEMENT

SEB MUST ALWAYS MAINTAIN SUFFICIENT FINANCIAL RESOURCES *so that customers' and other stakeholders' requirements can be met. Risk, liquidity and capital management are about safeguarding SEB's resilience in all potential circumstances.*

RISK TOLERANCE

Risk is an inherent part of all financial activity. Managing risk is a core activity in banking and fundamental for long-term profitability and stability. An important part of SEB's risk management is to build long-term customer relationships.

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

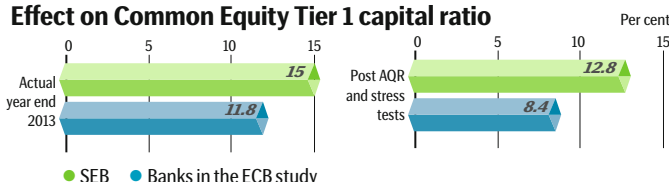
value. In its overarching risk tolerance statements, the Board lays out its long-term view of the Bank's risk level, overall funding structure and necessary liquidity buffers, as well as capital targets.

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

ASSET QUALITY REVIEW

In 2014, the European Banking Authority and the European Central Bank carried out an asset quality review and a stress test on the European banking sector based on year-end 2013 data. The assessment confirmed SEB's strong capital position and asset quality.

Effect on Common Equity Tier 1 capital ratio



THREE LINES OF DEFENCE AGAINST RISK

SEB's risk culture is based on long experience, strong customer relationships and sound banking principles, providing a solid foundation for the risk governance.

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

The risk and compliance organisations constitute the **second line of defence** and are independent from business

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

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

See p. 52 for a description of the Chief Risk Officer, compliance and internal audit functions and organisation.

RISK TOLERANCE STATEMENT ON ASSET QUALITY

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

Long-term relations and deep knowledge about the customers is at the core of SEB's risk philosophy and the foundation for a stable and well balanced credit portfolio. All lending should be based on the customer's cash flow and repayment ability. The Bank should have good insight into the customers' business and financial position on an ongoing basis. Furthermore, SEB's credit policy reflects the Bank's corporate sustainability strategy. In 2014, SEB's credit portfolio increased by SEK 232bn to SEK 2,094bn, while asset quality remained robust and stable. The portfolio is diversified in terms of foreign currencies – approximately two thirds are denominated in currencies other than krona, mainly euro.

The corporate portfolio is dominated by financially strong Nordic and German large corporates mainly with international operations. The portfolio is spread across a wide range of industries, the largest being manufacturing. The total corporate portfolio grew by SEK 168bn to SEK 952bn driven by a weaker krona as well as a number of larger event-driven transactions in all of SEB's home markets.

The property management portfolio is well balanced between commercial and residential real estate mainly in the Nordic region and Germany. While commercial real estate management is generally of higher risk, SEB's portfolio consists of strong counterparties and sound financing structures. The residential portfolio pertains mainly to exposures in Swe-

den. The property management portfolio was largely unchanged at SEK 305bn.

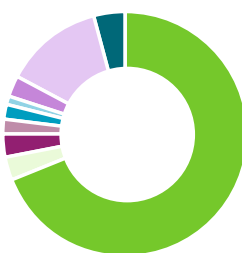
The household portfolio consists mainly of household mortgages in Sweden, which historically have proven to be of very low risk. SEB's household mortgage portfolio in Sweden continued to grow in line with the market and amounted to SEK 429bn at year-end (405). SEB has encouraged mortgage amortisation for some time and a majority of all new loans have amortisation plans. The Swedish Financial Supervisory Authority has proposed mandatory requirements for amortisation on mortgages which will be implemented when they are finalised. In 2014, 91 per cent of all new loans

with a loan-to-value above 70 per cent were amortising.

SEB's **Baltic portfolio** was stable at SEK 135bn (130). As a result of the EU's sanctions on Russian trade, economic growth receded in the Baltic countries. However, because of the general deleveraging in the Baltics since 2008, the resilience among SEB's customers to withstand any negative economic effects is high.

The credit loss level continued to be low at 9 basis points (9). Asset quality overall was robust and the Baltic portfolio improved steadily throughout the year. Non-performing loans amounted to SEK 10.6bn, of which SEK 4.3bn pertained to the Baltic portfolio.

Read more in note 18a and 19.

CREDIT PORTFOLIO 2014
(SEK 2,094bn)

Geographic distribution

Sweden	69 %	Latvia	1 %
Denmark	3 %	Lithuania	3 %
Norway	3 %	Germany	13 %
Finland	2 %	Other	4 %
Estonia	2 %		

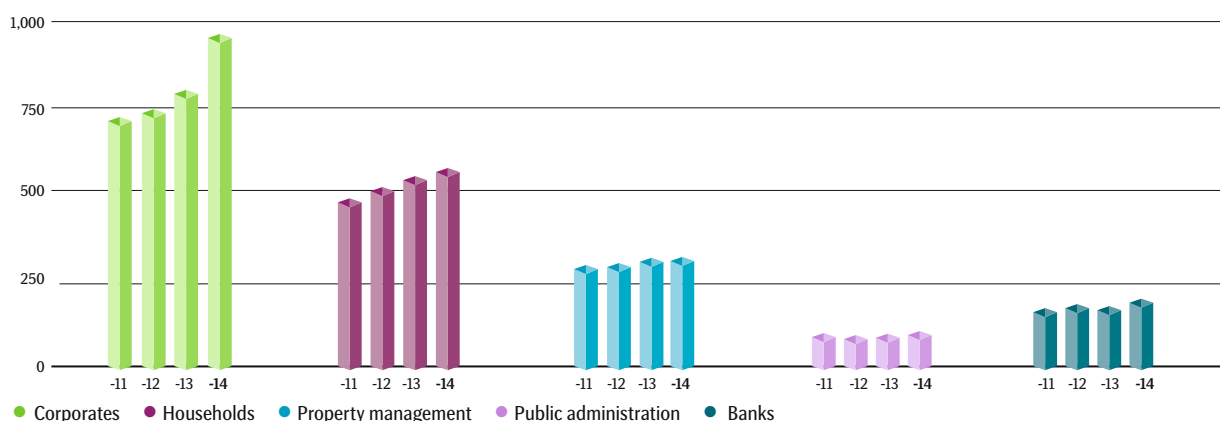


Distribution by industry

Corporates	45 %	Public administration	4 %
Households	27 %	Banks	9 %
Property management	15 %		

CREDIT PORTFOLIO DEVELOPMENT BY INDUSTRY

SEK bn



RISK TOLERANCE STATEMENT ON EARNINGS VOLATILITY

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

Earnings stability creates predictability and solid internal capital generation. Volatility in earnings normally occurs in the customer-driven business and is measured in the credit and market risk dimensions. *Credit risk is described on page 29.* Other earnings volatility is managed and measured as business risk. *See page 33 and note 18d.*

Market risk arises in SEB's customer-driven trading book in Merchant Banking and in the Bank's liquidity portfolio which is managed by the treasury function. Market risk in the trading book remained at historically low levels throughout 2014, reflecting the low activity and volatility in the market. The main driver of trading book market risk is credit spread risk.

Market risk also arises in the banking book as a result of balance sheet mismatches in currencies and interest rate

terms. The market risk in the banking book decreased during the year, mainly due to lower interest rate risk.

Market risk is also present in SEB's insurance operations and its pension obligations (defined benefit plans for the employees). The main market risk driver in the insurance undertakings is interest rate risk as liabilities are calculated using a combination of market rates and modelled rates. The interest rate risk of liabilities is hedged using interest rate derivatives and other fixed-income instruments. In 2014, the buffer, i.e., the positive net of asset values and liabilities, increased due to the favourable development of the assets in SEB's traditional life portfolios, while technical provisions increased due to a decrease in market interest rates.

Read more on p. 33, in note 18b and e.

RISK TOLERANCE STATEMENT ON OPERATIONAL RISK

SEB shall strive to mitigate operational risks in all business activities and maintain the Bank's excellent reputation.

SEB takes a structured approach to mitigating operational risks. Important processes and tools include a New Product Approval Process, self assessments for the purpose of identifying and reducing large risks, system authority management, managing specific operational incidents, business continuity management and regular mandatory staff training. This structured approach has resulted in improved processes and continuous improvements are essential in order to miti-

gate operational risks.

In 2014, operational losses continued to be low both compared to previous years and to peers. Focus was mainly on decreasing operational risks in outsourcing agreements, and ensuring that significant processes were systematically reviewed. SEB also continued to improve processes and controls relating to cyber crime and organised crime.

Read more in note 18c.

RISK TOLERANCE STATEMENT ON LIQUIDITY RISK

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

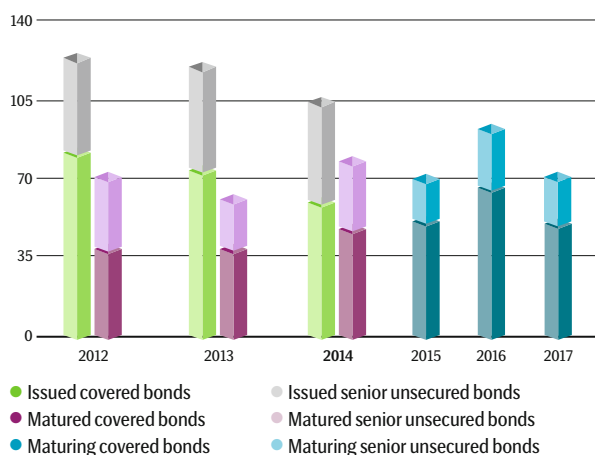
Access to liquidity and funding markets is vital in all circumstances. With that in mind, SEB approaches liquidity management and its funding strategy from three main perspectives: (1) the liquidity structure of the balance sheet to ensure that illiquid assets are matched with stable funding, (2) wholesale funding dependence, and (3) tolerance to severe stress or

how long the Bank has sufficient liquidity to withstand a severely stressed scenario (stressed survival horizon).

In 2014, SEB saw continued strong demand for its short- and long-term funding. SEB strengthened the balance sheet for the sixth consecutive year, issuing more long-term debt than what matured during the year. The funding cost for

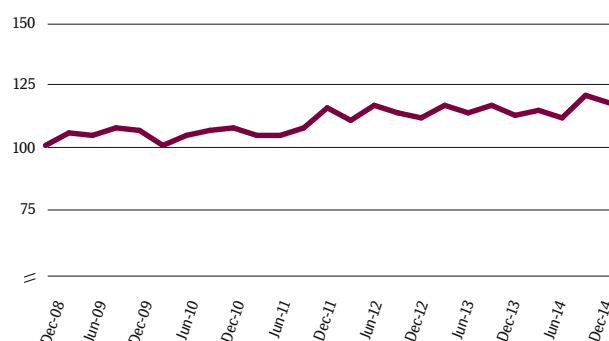
ISSUED VS MATURING LONG-TERM DEBT

SEK bn



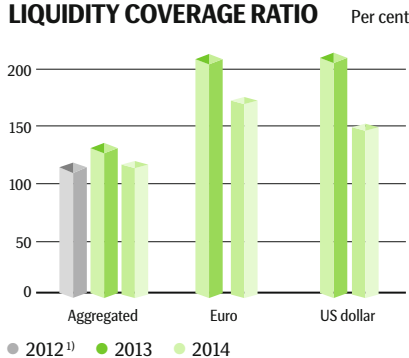
CORE GAP RATIO

Per cent



Core Gap ratio is an SEB defined measure similar to the Basel Committee's NSFR (net stable funding ratio) measure but based on internal behavioural modelling. It measures the amount of funding maturing in over 1 year in relation to assets maturing in more than 1 year.

LIQUIDITY COVERAGE RATIO



1) Not published for Euro och US dollar

both senior unsecured and covered funding decreased during 2014, as a result of the low interest levels.

The stable funding base, consisting of equity, customer deposits and wholesale funding with maturities of more than one year, exceeded SEB's total loan portfolio despite an increase in lending volumes during the year. SEB's **loan-to-deposit ratio**, excluding repos and reclassified debt securities, decreased to 134 per cent (142). The loan-to-deposit ratio in the

main currencies Swedish kronor, euros and US dollars amounted to 175 (190), 123 (116), and 69 (68) per cent, respectively, at year-end.

SEB's **liquidity reserve**, as defined by the Swedish Bankers' Association, amounted to SEK 410bn at year-end (465). The size and composition of the liquidity reserve is regularly analysed and assessed against estimated contingency needs.

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

SEB's **Core Gap Ratio**, which is a measure of how well long-term lending is funded long-term, amounted to 119 per cent, which is well within the Bank's risk tolerance of a soundly structured liquidity position.

Read more in note 18f.

RISK TOLERANCE STATEMENT ON AGGREGATED RISK

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

Despite strong risk management and risk culture, unexpected losses occur in banking. SEB's capital management shall ensure that the Bank has sufficient capital to absorb such unexpected losses. Financial stability requirements set by the Board, regulators and other market participants need to be balanced with the shareholders' required rate of return.

Capital target

The Board of Directors sets SEB's capital target based on regulatory requirements, internal views of capital need and a rating ambition. Currently, the Board's capital target is to maintain a Common Equity Tier 1 (CET1) capital ratio of around 150 basis points above the Swedish requirement. *See page 39 for more information.*

Capital management

Capital adequacy targets, capital allocation and return on capital are risk-based and are built on an assessment

of all identified risks incurred in the Bank's operations. Capital management is forward-looking and aligned with short- and long-term business plans and the macroeconomic environment. SEB uses an internal model to calculate how much capital is necessary to cover its risks (so-called Economic Capital) as one part of the annual internal capital adequacy assessment process (ICAAP). Stress testing is an important parameter when assessing capital adequacy and setting capital targets.

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

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

5 QUESTIONS



JOHAN ANDERSSON

Chief Risk Officer

How would you summarise 2014?

We are in a strong position due to our customers' ability to pay and our stable risk position. But as always, there are areas to keep a more careful watch on; Swedish housing prices and household indebtedness have continued to increase and in a global context, the uncertain economic situation, the dramatic fall in oil prices and heightened tension in Ukraine and Russia.

What do the European stress tests and Asset Quality Review show?

Like other Swedish banks, we have a very strong capitalisation from a European perspective. The review of our credit portfolio did not result in any significant remarks and confirmed that we have high asset quality.

What is the attitude to household mortgage amortisation in Sweden?

A high share of new household mortgages today have amortisation plans. Our branches have done a good job at advising customers. As a bank, we are promoting a strong amortisation culture to help customers maintain a comfortable margin. But political action is also needed to improve the problem of growing household debt.

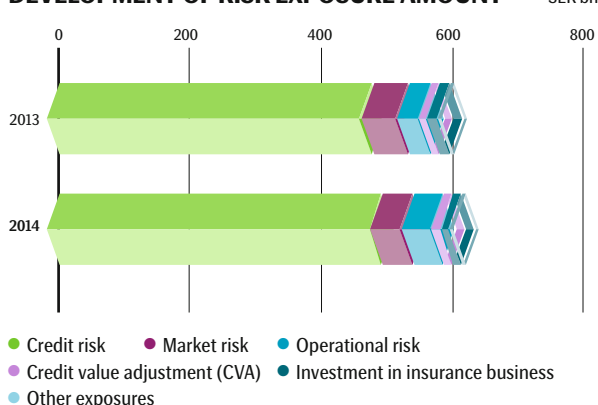
What will be the impact on the Baltic countries from the Russian sanctions?

The sanctions carried out to date have had a lesser impact on the Baltic economies than expected. However, a drawn-out period of poor neighbour relations to the east will have an economic impact and lead to higher risk.

What is your view on the future?

The Swedish banking system has proved to be robust. We have well managed banks that provide good access to credit and efficient banking services. It is disconcerting to see discussions to replace risk-based capital requirements with floors for the leverage ratio and risk weights. This could impact the Swedish banking model.

DEVELOPMENT OF RISK EXPOSURE AMOUNT

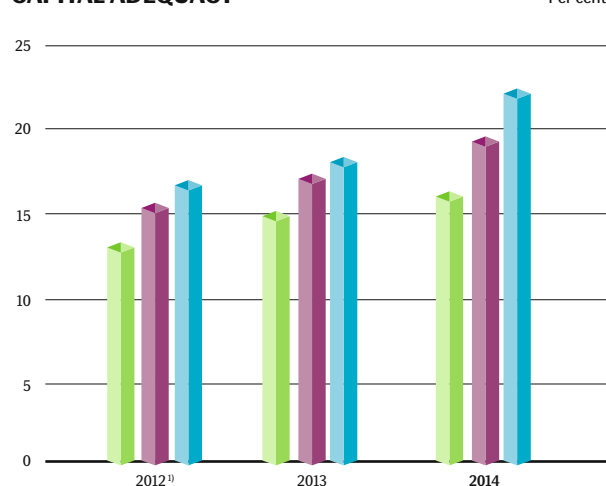


Capital strength

SEB has one of the highest CET1 capital ratios in Europe. In 2014, SEB continued to strengthen its capital position, resulting in a CET1 capital ratio of 16.3 (15.0). The CET1 capital increased by SEK 10.7bn to SEK 100.6bn. The risk exposure amount (REA) according to Basel III increased by SEK 19bn to SEK 617bn, mainly due to a weaker krona (598).

SEB issued a EUR 1bn subordinated Tier 2 bond, adding further diversification to the capital base. In addition, SEB issued a perpetual USD 1.1bn additional Tier 1 (AT1) bond. These bond issues contributed to improved capital ratios.

CAPITAL ADEQUACY



Common Equity Tier 1 capital ratio Tier 1 capital ratio
Total capital ratio

1) Estimate based on interpretation of proposed regulations.

In 2014, a risk assessment of the European banking sector was carried out by the European Banking Authority and the European Central Bank consisting of an asset quality review and a stress test. The risk assessment confirmed SEB's strong capital position.

Read more about capital in note 20.

New regulatory requirements

Whereas the regulators after the financial crisis initially focused on the composition and level of the capital base, discussions during 2013 and 2014 broadened to include total loss absorbing capacity.

During the year the Basel III framework entered into force through the Capital Requirements Regulation and the Capital Requirements Directive. The Swedish Financial Supervisory Authority published further details on the capital requirements by which large Swedish banks will be required to hold more capital than the minimum level required according to EU's common regulatory framework.

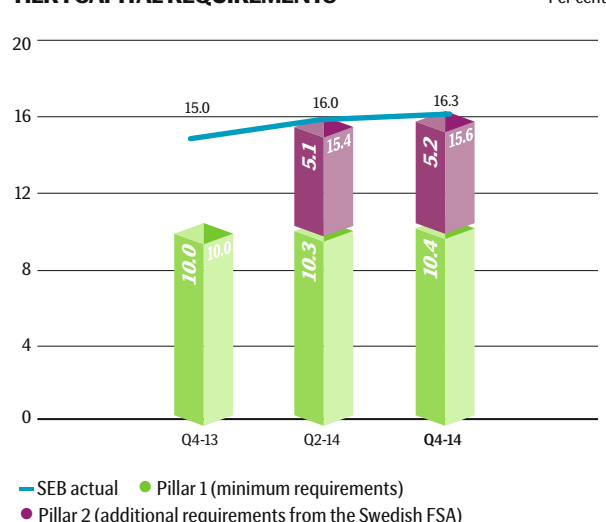
The leverage ratio requirement of the Basel III framework (i.e., a non-risk based requirement) is being reviewed during an observation period, with a view to migrating it to a Pillar 1 requirement on 1 January 2018. SEB's leverage ratio was 4.8 per cent at year-end (4.2).

The Basel Committee plans to address the issue of variability of risk weighted assets among banks by introducing capital floors and greater restrictions on modelling parameters and assumptions. SEB is actively participating in discussions on this issue.

SEB is also preparing for the implementation of the Fundamental Review of the Trading Book, which is a new framework proposed by the Basel Committee for measuring and reporting regulatory capital for market risk. The effect on capital is still uncertain as the regulators are calibrating the models.

Implementation of the EU's Bank Recovery and Resolution directive is in progress. It sets the crisis management

procedure for failing banks in terms of capital, bailing-in or selling assets, and using resolution funds. The discussion also covers the minimum requirements on banks' total loss absorbing capacity and requirements that certain debt investors shall absorb losses in certain circumstances.

SEB'S COMMON EQUITY
TIER I CAPITAL REQUIREMENTS

Note: The estimated capital requirements were published by the Swedish Financial Supervisory Authority in May and November 2014.

SEB'S RISK PROFILE

	The risk is identified, measured and managed	The risk is controlled with internal limits	The risk is subject to regulatory capital requirements	Risk profile evaluation
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CREDIT RISK

Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also comprises counterparty risk derived from the trading operations, country risk and settlement risk.

Credit	✓	✓	✓
Counterparty	✓	✓	✓
Concentration	✓	✓	✓

The risk in the corporate credit portfolio is relatively low given that it consists of large Nordic and German counterparties in a wide range of industries. Concentration risk and large exposures are closely monitored. The household portfolio consists primarily of Swedish household mortgages which are considered to be low risk. The property management portfolio consists of residential and commercial real estate. While commercial real estate is generally of higher risk, SEB's portfolio consists of strong counterparties in the Nordic region and Germany with sound financing structures. The credit risk is deemed to be higher in the Baltic region but the risk level has decreased significantly during recent years.

MARKET RISK

Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange rates, credit spreads, commodity and equity prices, including price risk in connection with the sale of assets or closing of positions.

Trading book	✓	✓	✓
Banking book	✓	✓	✓

In general, market risk appetite in SEB is low. Structural market risk and net interest income risk arise naturally in the banking book since customers demand various maturity dates and currencies. Trading book market risk is also customer driven. This is confirmed by the fact that there were only five loss-making days during 2014.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems (e.g. breakdown of IT systems, fraud, other deficiencies in internal control), human error or from external events (natural disasters, external crime, etc.). Operational risk also includes legal and compliance risks.

Processes, etc.	✓		✓
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Operational risks are an inherent part of all business. It is neither possible nor cost-efficient to eliminate all operational risks and therefore smaller losses are a normal part of SEB's operations. The bank continuously works to minimise operational losses and in particular to avoid larger loss incidents. Benchmarking against members of the Operational Risk Data Exchange Association (ORX) shows that SEB's loss level has historically been below the ORX average.

BUSINESS RISK¹⁾

Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition. The definition includes venture decision risk, i.e. risks related to large undertakings such as acquisitions, large IT projects, transformations, outsourcing etc.

Activities	✓		
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Business risk is a fundamental part of doing business and SEB continuously works to mitigate business, strategic and reputational risks in many ways, for example, with proactive cost management. Strategic reviews are performed regularly of all business areas, which may result in investments or divestments. The bank's IT development methodology is an agile, step-by-step, process in order to maintain flexibility.

INSURANCE RISK

Insurance risk consists of all risks related to SEB's insurance operations, mainly market, underwriting and operational risk. Underwriting risk pertains to losses or adverse changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions.

Underwriting risk	✓	✓	✓
Market risk	✓	✓	✓

SEB's insurance activities consist mainly of unit-linked insurance where the risk is borne by the customer. SEB also offers traditional life insurance products with guaranteed returns as well as sickness and health insurance solutions. The market risk and underwriting risk are closely monitored and managed through traditional asset and liability and actuarial analysis.

PENSION RISK²⁾

Pension risk is the risk of mismatch between employee pension liabilities and designated assets. It is related in nature to underwriting risk.

Pension risk	✓		✓
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In the defined benefits plans, SEB bears the market risk of the plan investments. SEB also bears the risk of deviations in projected plan payments due to changes in expected lifetime and future salary increases. These risks are counteracted by prudent risk management procedures. The Swedish defined benefit plan is closed for new participants.

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the Group is forced to borrow at unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

Liquidity risk	✓	✓	
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The primary source of funding is customer deposits which are stable to a large extent, limiting the dependence on wholesale funding. SEB has a diversified funding base – short- and long-term programs in multiple capital markets in multiple currencies – to ensure that payment obligations are met as they fall due. Various risk management tools, including stress tests, ensure that liquid assets are sufficient.

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

REPORT OF THE DIRECTORS

SEB DEEPENED THE RELATIONSHIPS *with customers in Sweden, the Nordic and Baltic countries and Germany. All divisions improved the operating result and stayed within the cost cap. Net profit, excluding one-time items, increased by 11 per cent compared to last year and a dividend of SEK 4.75 per share is proposed.*

FINANCIAL REVIEW OF THE GROUP

Important events and trends in 2014

First quarter

- Geopolitical risk in Eastern Europe elevated following the distressing events in Ukraine.
- SEB's level 1 sponsored American Depository Receipts programme in the United States started.
- Initial signs of increased corporate activity in the Nordic countries and Germany.

Second quarter

- SEB decided to gather a majority of its business in Stockholm in new premises in Arenastaden, Solna. The relocation will start in 2017.
- SEB strengthened its card offering in the corporate segment by the acquisition of Nets' Business Eurocard operations in Finland and DNB's corporate card portfolio in Norway.
- SEB sold the card acquiring business Euroline AB.

Third quarter

- The Swedish central bank lowered the repo rate by 50 basis points, the largest decrease since 2009.
- SEB announced its intention to open the traditional life insurance portfolio in Nya Liv for new savings in 2015.

Fourth quarter

- The Swedish central bank lowered the repo rate to zero.
- The Swedish Financial Supervisory Authority provided further information on the capital requirements on Swedish banks. SEB's Common Equity Tier 1 capital requirement was 15.6 per cent.
- The European Central Bank and the European Banking Authority published the result from their Asset Quality Reviews and stress tests which confirmed SEB's capital strength and strong asset quality.
- Lithuania became the 19th member of the euro zone by converting to euro at year-end 2014.
- High corporate activity in the Nordic countries and Germany.
- SEB sold its shares in MasterCard Inc.

RESULT AND PROFITABILITY

Operating profit amounted to SEK 23,348m (18,127). Net profit (after tax) amounted to SEK 19,219m (14,778). Operating income included two one-time items, the divestments of Euroline AB and shares of MasterCard Inc. Excluding the one-time items, operating profit amounted to SEK 20,366m. Net profit excluding the one-time items increased by 11 per cent to SEK 16,419m.

Operating income

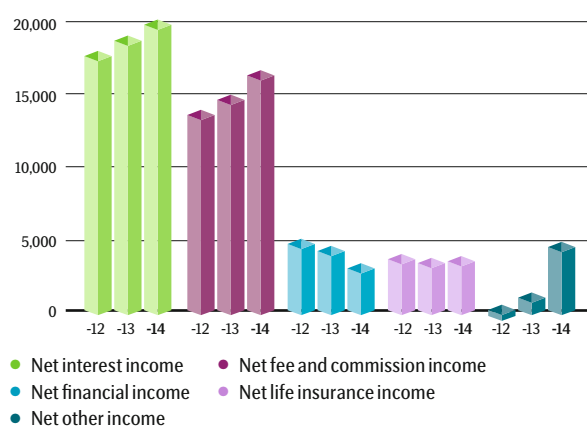
Total operating income amounted to SEK 46,936m (41,553).

Net interest income increased by 6 per cent to SEK 19,943m (18,827). The customer-driven net interest income increased by SEK 1,853m, foremost driven by growth in corporate and household lending volumes in Sweden. The negative effects of lower policy rates in all markets were offset by increased financing of structured transactions and mergers and acquisitions and improved lending margins.

Net interest income from other activities decreased by SEK 737m as yield curves are falling in all currencies. Both the fee to the Swedish stability fund, SEK 639m (643) and the contribution to the deposit guarantee scheme, SEK 470m (383), reduced net interest income.

OPERATING INCOME

SEK m



Net fee and commission income amounted to SEK 16,306 (14,664). The 11 per cent increase was a result of a high number of event-driven corporate activities (mergers, acquisitions, new issues, initial public offerings, etc.). The contribution from securities lending was high. Custody and asset management fees increased as result of higher volumes and asset values. Performance and transaction fees increased by 63 per cent to SEK 434m.

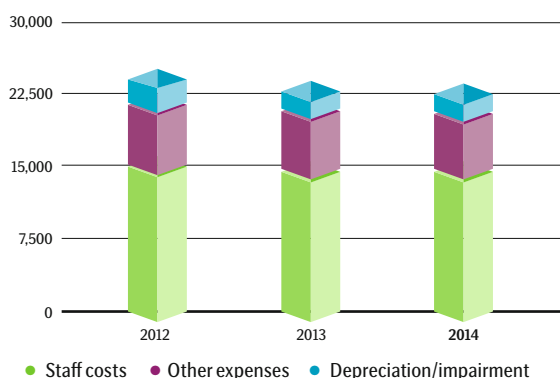
Net financial income decreased by 28 per cent to SEK 2,921m (4,052). Market volatilities and interest rates have decreased throughout the year. While net financial income was low, the trading result as a whole was maintained. Changes in the value of counterparty risk and own credit risk amounted to SEK -302m (165). *See further note 5.*

Net life insurance income amounted to SEK 3,345m (3,255). The increase was primarily a result of higher fund values, but also of higher premium volumes. Income in traditional life and risk insurance products was stable compared to last year.

Net other income was SEK 4,421m (755). Two large one-time items contributed to the income: the sale of MasterCard Inc. shares in the amount of SEK 1,321m and the sale of Euroline AB in the amount of SEK 1,661m. In addition, there were hedge accounting effects, other capital gains and dividend income.

OPERATING EXPENSES

SEK m



Operating expenses

Total operating expenses amounted to SEK 22,143m (22,287). Staff costs decreased by 2 per cent. The operating expenses were in line with the SEK 22.5bn cost cap. The cost cap will remain unchanged in both 2015 and 2016.

Net credit losses and provisions

Net credit losses amounted to SEK 1,324m (1,155). Asset quality remained robust and the overall credit loss level was in line with the previous two years. *See further p. 29.*

KEY FIGURES

	2014	2013	2012	2011	2010
Return on equity, %	15.25	13.11	11.06	11.12	6.84
Return on total assets, %	0.71	0.58	0.48	0.49	0.30
Return on risk exposure amount, %	3.23	2.38			
Basic earnings per share, SEK	8.79	6.74	5.31	4.93	3.07
Weighted average number of shares ¹⁾ , millions	2,187	2,191	2,191	2,194	2,194
Diluted earnings per share, SEK	8.73	6.69	5.29	4.91	3.06
Weighted average number of diluted shares ²⁾ , millions	2,202	2,207	2,199	2,204	2,202
Credit loss level, %	0.09	0.09	0.08	-0.08	0.15
Total reserve ratio individually assessed impaired loans, %	62.2	86.9	74.4	71.1	69.2
Net level of impaired loans, %	0.29	0.17	0.28	0.39	0.63
Gross level of impaired loans, %	0.49	0.35	0.58	0.84	1.28
Liquidity Coverage Ratio (LCR) ³⁾ , %	115	129			
Own funds requirement, Basel III ⁴⁾					
Risk exposure amount, SEK m	616,531	598,324			
Expressed as own funds requirement, SEK m	49,322	47,866			
Common Equity Tier 1 capital ratio, %	16.3	15.0			
Tier 1 capital ratio, %	19.5	17.1			
Total capital ratio, %	22.2	18.1			
Leverage ratio, %	4.8	4.2			
Number of full-time equivalents ⁵⁾	15,714	15,870	16,925	17,633	19,125
Assets under custody, SEK billion	6,763	5,958	5,191	4,490	5,072
Assets under management, SEK billion	1,708	1,475	1,328	1,261	1,399

1) The number of issued shares was 2,194,171,802. SEB owned 14,421,073 Class A shares for the equity based programmes at year end 2013. During 2014 SEB has repurchased 2,317,206 shares and 11,242,417 shares have been sold. Thus, as at 31 December 2014 SEB owned 5,495,862 Class A-shares with a market value of SEK 547m.

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

3) According to Swedish FSA regulations for respective period.

4) Estimate for respective comparative period based on SEB's interpretation of future regulation.

5) Average for the year.

A five year summary of the Group and the Parent bank's income statements and balance sheets is available on p. 152-153. Definitions are available at page 62.

Income tax expense

Total income tax amounted to SEK 4,129m (3,338). SEB's income tax expense reflects that the business is conducted in various geographies. In Sweden, which constitutes 55 per cent of operating profit, the statutory tax rate is 22 per cent. Based on the current geographical earnings mix, including deferred tax accounting and tax exempt capital gains, the effective tax rate for 2014 was 18 per cent. During the year, total tax exempt capital gains amounted to SEK 2.9bn, of which the tax value amounted to approximately SEK 0.6bn.

Discontinued operations

As the divestments of the German and Ukrainian retail operations were finalised in 2013, there was no *net result from the discontinued operations* (-11).

Profitability

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

Other comprehensive income

Other comprehensive income was SEK 1,030m (5,686). The net revaluation of the defined benefit pension plans had a negative effect of SEK -2,700m (5,083). The market-derived discount rate for the Swedish pension obligation

was 2.3 per cent versus 3.8 at year-end 2013. Pension plan assets appreciated in value.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges and available-for-sale financial assets, was positive in the amount of SEK 3,730m (603).

Sensitivity to currency fluctuations

The depreciation of the Swedish krona during 2014, e.g. by 6 per cent to the euro and 21 per cent to the US dollar, had a positive effect on operating profit by SEK 340m and increased total assets by SEK 118bn. The risk exposure amount increased by SEK 27bn, which everything else equal reduced the Common Equity Tier 1 capital ratio by 75 basis points. This sensitivity was a factor when SEB's capital target was decided.

Subsequent event

During 2015, some central banks have started to use negative policy rates as part of monetary policy, for example in Denmark. On 12 February 2015 the Swedish central bank announced a cut of the repo rate to minus 0.1 per cent. SEB is closely monitoring the effects of negative interest rates in Sweden. There is uncertainty around the business and practical ramifications as negative interest rates are uncharted territory.

INCOME STATEMENT ON QUARTERLY BASIS

SEK m	2014:4	2014:3	2014:2	2014:1	2013:4
Net interest income	5,010	5,172	4,943	4,818	4,932
Net fee and commission income	4,553	3,814	4,211	3,728	3,871
Net financial income	343	654	845	1,079	1,186
Net life insurance income	854	829	844	818	890
Net other income	2,003	2,184	234		151
Total operating income	12,763	12,653	11,077	10,443	11,030
Staff costs	-3,414	-3,392	-3,493	-3,461	-3,386
Other expenses	-1,781	-1,549	-1,549	-1,431	-1,780
Depreciation, amortisation and impairment of tangible and intangible assets	596	554	477	446	-495
Total operating expenses	-5,791	-5,495	-5,519	-5,338	-5,661
Profit before credit losses	6,972	7,158	5,558	5,105	5,369
Gains less losses from tangible and intangible assets	-85	20	24	8	19
Net credit losses	-310	473	283	258	341
Operating profit	6,577	6,665	5,251	4,855	5,009
Income tax expense	-889	-1 192	-1 077	971	793
Net profit from continuing operations	5,688	5,473	4,174	3,884	4,216
Discontinued operations					6
Net profit	5,688	5,473	4,174	3,884	4,222
Attributable to minority interests		1			1
Attributable to shareholders	5,688	5,472	4,174	3,884	4,221
Continuing operations					
Basic earnings per share, SEK	2.60	2.50	1.90	1.77	1.93
Diluted earnings per share, SEK	2.58	2.48	1.89	1.76	1.92
Total operations					
Basic earnings per share, SEK	2.60	2.50	1.90	1.77	1.93
Diluted earnings per share, SEK	2.58	2.48	1.89	1.76	1.92

FINANCIAL STRUCTURE

The Group's total assets increased by 6 per cent during the year and amounted to SEK 2,641bn (2,485).

Loan portfolio

Loans to the public increased to SEK 1,356bn, an increase of SEK 53bn. SEB's total credit portfolio, which includes both on-and off balance sheet items, increased to SEK 2,094bn (1,862). *See p. 29 and note 18.*

Fixed income securities

SEB's net position in fixed income securities amounted to SEK 246bn (234). SEK 6bn of the total holdings was GIIPS-related (10). *See note 18a.*

Derivatives

The replacement values of the derivative contracts are booked as assets and liabilities in the balance sheet. They amounted to SEK 274bn and SEK 238bn respectively. The mix and volumes of derivatives reflect the demand for derivatives of the Group's customers for management of their financial risk. The Group is a market maker for derivatives and also uses derivatives for the purpose of protecting the cash-flows and fair value of its financial assets and liabilities from for instance interest rate fluctuations. *See note 42.*

Insurance assets and liabilities

Financial assets within the insurance operations amounted to SEK 360bn. Out of this, financial assets where the policyholders carry the risk (mostly unit-linked insurance) amounted to SEK 259bn and other assets (mostly traditional and risk insurance) amounted to another SEK 101bn. Insurance assets also include investment properties.

Insurance liabilities amounted to SEK 364bn. Out of this, SEK 259bn was related to financial commitments for investment contracts (mostly unit-linked insurance), while SEK 105bn was related to insurance contracts (mostly traditional and risk insurance).

Tangible and intangible assets

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

Intangible assets totalled SEK 17.2bn (17.2), of which 60 per cent represents goodwill. The most important goodwill items are related to the acquisition of the Trygg-Hansa group in 1997, at SEK 5.7bn, and investments in the card business in Norway and Denmark, at SEK 0.9bn (1.1). Goodwill items are subject to a yearly impairment test. No impairments occurred during 2014.

Deferred acquisition costs in insurance operations amounted to SEK 4.2bn (4.1).

Deposits, borrowings and issued securities

The financing of the Group consists of deposits from the public (households, corporates etc.), borrowings from Swedish, German and other financial institutions and issuance of money market instruments, bonds, covered bonds and subordinated debt. *See p. 30 and note 18 for information on liquidity management.*

Deposits and borrowing from the public amounted to SEK 943bn (849). Core corporate deposits increased by

SEK 60bn and household deposits increased by SEK 23bn. Deposits from credit institutions decreased to SEK 115 bn (176).

Issued securities amounted to SEK 690bn (714). During the year SEK 80bn matured. The Bank was able to use its favourable position from a credit risk point of view to raise funding at an amount of SEK 109bn, in line with the liquidity strategy. Issued subordinated debt amounted to SEK 40bn (23).

Total equity

Total equity at the opening of 2014 amounted to SEK 123bn. In accordance with a resolution of the Annual General Meeting in 2014, SEK 8.7bn of equity was used for the dividend (6). Net profit amounted to SEK 19.2bn and other comprehensive income (*see page 36*) amounted to SEK 1bn. At year-end 2014, total equity amounted to SEK135bn.

Dividend

The Board proposes to the AGM a dividend of SEK 4.75 per Class A and Class C share respectively, which corresponds to a 54 per cent pay-out ratio (63 per cent excluding one-time items). The total proposed dividend amounts to SEK 10.4bn (8.7), calculated on the total number of issued shares as per 31 December 2014, excluding repurchased shares. The SEB share will be traded ex-dividend on 26 March 2015. The proposed record date for the dividend is 27 March 2015 and dividend payments will be disbursed on 1 april 2015.

Assets under management and custody

At year-end, assets under management amounted to SEK 1,708bn (1,475). The net inflow of new volumes was SEK 92bn. The increase in value was SEK 141bn. Assets under custody amounted to SEK 6,763bn (5,958).

RATING

Fitch rates SEB's long-term senior unsecured bonds as A+ with a positive outlook. In Fitch's opinion SEB's profitability and risk profile are increasingly in line with banks rated AA-.

SEB's long-term senior unsecured ratings of A1 by Moody's and A+ by Standard & Poor's are on negative outlook. The reason is Standard and Poor's and Moody's view on the effects from the Bank Recovery and Resolution Directive and the Single Resolution Mechanism regulation on financial institutions in the EU.

Moody's Outlook Negative (December 2014 ¹⁾)		Standard & Poor's Outlook Negative (August 2014 ¹⁾)		Fitch Outlook Positive (October 2014 ¹⁾)	
Short	Long	Short	Long	Short	Long
P-1	Aaa	A-1+	AAA	F1+	AAA
P-2	Aa1	A-1	AA+	F1	AA+
P-3	Aa2	A-2	AA	F2	AA
	Aa3	A-3	AA-	F3	AA-
	A1		A+		A+
	A2		A		A
	A3		A-		A-
	Baa1		BBB+		BBB+
	Baa2		BBB		BBB
	Baa3		BBB-		BBB-

1) Confirmed

HOLISTIC FINANCIAL MANAGEMENT FOR VALUE CREATION

SEB strives for a holistic governance, planning and follow-up system in which business planning, risk management, capital management, liquidity and funding planning as well as performance evaluation are clearly interconnected and interactive over time. Holistic management is fundamental to generating consistent and sustainable profits.

Financial management and business culture

Financial stability and value creation are supported by nurturing a sound business culture. SEB holds true to the belief that long-term shareholder value is created through establishing and sustaining long-term relationships with customers. Risk is taken based on the requirements of stakeholders, however in line with SEB's strategy and risk appetite. Risks are mitigated to ensure they remain within the risk tolerance and it is ensured that compensation is adequate.

The financial stability of the Bank is supported by a well-diversified business mix as reflected in income streams across geographies, industry sectors and products. Opportunities and threats are proactively monitored to enhance the risk reward profile.

Balancing risk and return

The business activities of the Group are assessed and appraised based on risk-adjusted performance measures. They seek to capture the true cost of risk and financial resources, i.e., liquidity and capital, to form a comprehensive view of return on capital.

Pricing of all products and services shall be risk-based where applicable and seek to anticipate future risk. For

instance, cost of liquidity and funding is attributed to the business lines through internal funds transfer pricing. As the regulatory framework for liquidity and funding was crystallised and as the internal know-how gains further expertise, this pricing has been refined. An important change during 2014 was the refinement of deposit pricing to reflect behavioural rather than contractual stability characteristics. For behavioural reasons, another important change was the pricing of variable residential mortgage lending contracts based on longer dated funding costs.

SEB employs a risk-based internal capital allocation framework for measuring profitability. The framework, called business equity, is based on regulatory models and is calibrated to SEB's capital targets. The business equity framework allocates the total level of capital needed to maintain a desired capital adequacy to the business units in proportion to risks undertaken. It also ensures that capital is used where it can support the best risk-adjusted returns. SEB has since 2012 gradually adjusted the business equity framework to fully reflect the increased capital requirements on the Group. In 2014, an additional SEK 10bn of business equity was allocated to the divisions for this reason.

SEB manages the financial consequences of business decisions by focusing on three main aspects:

- growth, mix and risk of business volumes,
- capital, funding and liquidity requirements driven by the business, and
- profitability.

Targets are set and reviewed on a regular basis to manage and optimise resources in respect of these three aspects.



5 questions for Jan Erik Back Chief Financial Officer

How would you summarise 2014?

As a corporate bank we have benefitted from the increased level of activity among companies, and business has been good. All parts of the Bank have done a good job combining revenue growth and cost efficiency.

How are you dealing with the constant raising of requirements for banks?

The demands on us are high, since we fulfil an important societal function. What's important for us is that the current rules and regulations are implemented and thereby give us stable conditions to do business. Apart from this, we are adapting our internal pricing of liquidity and capital to ensure that our pricing towards customers will reflect the actual cost in accordance with the aims of the rules and regulations.

How would negative interest rates affect SEB?

Negative interest rates are fundamentally a serious symptom that an economy is not fully functioning. Having to pay to deposit money with central banks is not something we would prefer, but at the same time we must follow the market pricing. As a bank we will do what we can to avoid introducing negative interest rates for private depositors. There are a number of reasons that speak against this from practical, system and relationship perspectives.

How does SEB avoid conflict between its cost targets and the need to invest in the future?

Actually I don't see any conflict in this, since our cost targets include a number of investments at the same time that we are streamlining in our everyday activities to make the bank more efficient. By raising our internal productivity, we create scope for additional investments.

What is your view on the future?

You can't deny that we operate in a very complex environment in which recovery efforts are faltering. The halving of oil prices is a sign of this. We have zero interest and no inflation. At the same time, we work in a stable region and with large corporate customers who are cautiously optimistic and are increasing their level of activity. We will take advantage of opportunities to continue growing with our customers.

REVISED FINANCIAL TARGETS

SEB's most important long-term financial targets were refined by the Board of Directors in the beginning of 2015. They reflect management's commitment to delivering a competitive and sustainable return while complying with new regulations as they evolve.

Dividend payout

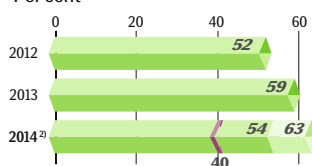
The dividend per share shall correspond to 40 per cent or more of earnings per share. The size of the dividend is determined by the prevailing economic situation as well as SEB's financial position, earnings, regulatory requirements and opportunities for growth. SEB strives to achieve long-term dividend growth without negatively impacting the Group's capital adequacy.

2014 dividend

The proposed dividend payout ratio for 2014, excluding one-time items, was 63 per cent. Including the one-time items the pay-out ratio was 54 per cent. *See p. 37 for information on the dividend.*

Dividend payout ratio

Per cent



— Target: Above 40 per cent

2) Excluding (63) and including (54) one-time items

Return on equity

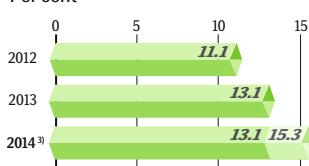
SEB aspires to generate a return on equity that is competitive with industry peers. This means that the Bank strives to achieve a 15 per cent return on equity in the long-term.

2014 return on equity

The return on equity for 2014, excluding one-time items, was 13.1 per cent. Including the one-time items, return on equity was 15.3 per cent.

Return on equity

Per cent



Target: Competitive with peers

3) Including (15.3) and excluding (13.1) one-time items

Capital adequacy

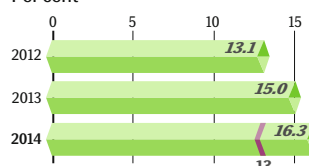
SEB shall maintain a Common Equity Tier 1 capital ratio of around 150 basis points above the requirement from the Swedish Financial Supervisory Authority. It is estimated that SEB's capital target would be a pro forma Common Equity Tier 1 capital ratio of around 17 per cent to achieve the targeted 150 bps margin over the regulatory requirement¹⁾.

2014 capital adequacy

The Common Equity Tier 1 capital ratio according to Basel III was 16.3 per cent at year-end 2014. This was 60 basis points above the regulatory requirement. *Further information on capital adequacy is available on p. 31 and in note 20.*

Common Equity Tier 1 capital ratio

Per cent



— Target 2014: 13 per cent.

Target 2015: 150 bps above regulatory requirement.

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

Continued uncertainty

The macroeconomic development will remain uncertain, the large global economic imbalances remain and the potential reduction of liquidity support from central banks to the financial markets may create direct and indirect effects that are difficult to assess. The market uncertainty regarding the unfolding geopolitical development in Ukraine and the Middle East supplemented by the uncertainty around the development of oil prices remains in 2015. In addition, there is uncertainty around the effects in case the current low interest rates are prolonged and in particular around the financial and practical ramifications of negative interest rates.

In SEB credit, market, liquidity, IT and operational and life insurance risks affect the business. *SEB's risk composition and risk management are further described on p. 28 onwards and in note 18.*

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

CUSTOMER NEED IS THE SOURCE OF SEB'S RESULT

Customers' need to for instance borrow, pay, save, invest or trade in financial instruments is the source of SEB's business volumes and operating result.

The macroeconomic situation is of great importance for SEB's customers and is thus a key factor impacting SEB's business and result. Companies and private individuals are more likely to invest and consume in an environment of positive economic indicators, which normally leads to increased lending, more payments, a higher number of transactions in the financial markets, etcetera. In an unfavourable part of the business cycle, customers may be more restrictive and growth in business and transaction volumes may level out while credit losses may increase. SEB's role is to support the customer and provide its services throughout the business cycle.

Many specific factors affect SEB's result. The Bank's net

interest income is generated based on the margin over a reference rate. The interest rate level is of lesser importance for net interest income than the margin – unless the rate is nearing zero. Fee income increases with growing business volumes. Fund related commissions increase with higher market values. The market value of certain assets and liabilities affect the result and the bank pays interest in connection with the financing of its operations.

The overview on these pages shows briefly some relationships between customer transactions and revenues.

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

BUSINESS VOLUMES IN THE BALANCE SHEET

ASSETS, SEK m	2014	LIABILITIES AND EQUITY, SEK m	2014
1 Central banks	119,915	16 Central banks	42,401
2 Lending	67,632	17 Deposits	68,119
3 Repos	14,168	18 Repos	4,666
4 Debt instruments	9,145	Deposits from credit institutions	72,785
Other loans to credit institutions	90,945	19 Public administration	62,230
5 Public administration	50,096	20 Households	246,433
6 Households	518,556	21 Corporate	628,566
7 Corporate	689,291	22 Repos	5,885
8 Repos	75,759	Deposits and borrowings from the public	943,114
9 Debt instruments	21,978	23 Liabilities to policyholders	364,354
Loans to the public	1,355,680	24 Commercial papers/Certificate of deposit	213,655
10 Debt instruments	197,248	25 Long term debt	476,208
11 Equity instruments	101,052	Debt securities	689,863
12 Derivatives	273,684	26¹⁾ Debt instruments	25,815
13 Insurance assets	364,860	27¹⁾ Equity instruments	15,237
Financial assets at fair value	936,844	28 Derivatives	239,711
14 Debt instruments	43,107	Other liabilities at fair value	280,763
15 Equity instruments	2,859	Other liabilities	73,125
Other	48	29 Subordinated debt	40,265
Financial assets available for sale	46,014	Total liabilities	2,506,670
Other	91,848	Total equity	134,576
Total assets	2,641,246	Total liabilities and equity	2,641,246

OTHER BUSINESS VOLUMES (examples)






30 Securities transactions	The bank is an intermediary in customers' securities transactions, for instance equities
30 Assets under management	The bank invests on behalf of customers, e.g. in mutual funds
30 Assets under custody	The bank safekeeps securities and collects dividends and interest on customers' behalf
30 Card transactions	The bank facilitates card payments
30 Commitments	The bank agrees to provide future credits to customers
30 Guarantees	The bank assists customers with credit risk management
30 New issues	The bank provides advice and assistance when customers issue for instance bonds
30 Stock lending	Customers borrow and lend equities
30 Payments and cash management	The bank facilitates payments and accounts

CUSTOMER TRANSACTIONS, BUSINESS VOLUMES AND INCOME

	Net interest income SEK 19,943m	Net fee and commission income SEK 16,306m	Net financial income SEK 2,921m	Net life insurance income SEK 3,345m	Net other income SEK 4,421m
Loans	The Bank provides loans to corporations, private individuals, banks and the public sector, generating interest income over the life of the loan. 1 2 3 5 6 7 8	SEB participates in or leads syndications of loans leading to net fees and commissions. Up-front fees for new loans to corporations, private individuals, banks and the public sector. 5 6 7			
Debt instruments	SEB maintains an inventory of debt instruments – interest bearing securities and bonds – for liquidity management and customer trades. They accrue interest over life. 4 9 10 14		SEB holds debt instruments for customer trading and liquidity management. The customer trading activity as well as the market value of the inventory affects net financial income. 10 26 ¹⁾		Sales from the Bank's inventory of debt instruments held for liquidity management or investment affect the result. 4 9 14
Equity instruments		Brokerage fees occur in equity trading. SEB is a counterpart in stock lending transactions. 30	SEB holds equity instruments for customer trading and is a counterpart in equity swaps. The customer trading as well as the market value of the inventory affect net financial income. 11 27 ¹⁾ Dividends from equity holdings. 11		Sales from the Bank's equity 15 holdings affect the result. Dividends from equity holdings are reported here. 15
Derivatives	Interest rate derivatives that are used by SEB to manage volatility in the result (hedge), accrue interest income and expense over life. 12 28	In certain cases, SEB charges fees when trading derivatives. 12 28	SEB is a counterpart for customers wishing to manage risk (for instance interest rate risk) using derivative instruments. Both customer trades and the market value of the holdings generate financial income. 12 28		The market value of derivatives that are used for hedging (and the hedged instrument) when the hedge is not perfect. 12 28
Savings: Deposits, borrowings and insurance	Deposits from corporate and private customers, banks and the public sector generate interest expense. 16 17 18 19 20 21 22	Certain bank accounts generate fee income. 20 21		Customers wishing to use unit-linked and traditional insurance services are served by SEB. The customer commitments and the corresponding assets are reported in the balance sheet. 13 23	
Issued securities and subordinated debt	SEB's operations are funded by interest-bearing short term certificates and long-term bonds, covered bonds, index-linked bonds, subordinated debt, all of which generate interest expense. 24 25 29	Index bonds generating fee income are provided for the purpose of customer investment. 24 25	The value of the credit risk in SEB's issued securities affect the result, so does the market value of index-linked bonds. 25		Prepayment by SEB of its debt instruments affects the result. 24 25 29
Business volumes outside the balance sheet		Various fee-based services are provided to customers. Most fees are fixed and transaction-based; some are market value based. 30			

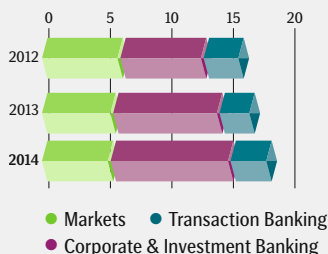
1) Short position – a negative item in the inventory held for customer trades.

SEB'S DIVISIONS

	DIVISION	BUSINESS OFFERING	2014 EVENTS
MERCHANT BANKING	 <p>Co-heads: Johan Torgeby and Joachim Alpen</p>	Merchant Banking offers advisory-driven commercial and investment banking services to large corporations and financial institutions, in the Nordic region and Germany and through an extensive international presence. Customer-driven trading, liquidity management, financing, capital markets and custody services are part of the offering.	An external partnership within the field of global custody was presented. SEB registered for swap dealership in the US, thereby committing to the global foreign exchange franchise. SEB arranged Asia Council for the 11th time and launched a new version of its internet bank for large corporations and institutions. During the year, SEB participated in most M&A transactions within the Nordic area.
RETAIL BANKING	 <p>Head: Mats Torstendahl</p>	Retail Sweden serves 1.7 million private customers and 200,000 small and medium-sized companies with advisory services and products from 164 branch offices as well as through SEB's Telephone Bank, Internet Bank and Mobile Bank. It also issues cards in the Nordic countries under SEB's own brand as well as for Eurocard and Diners Club.	Digital and mobile customer meetings were facilitated through new platforms for corporate and private clients. Customer satisfaction improved, confirmed by the Swedish Quality Index (SKI). A simplified and holistic savings offering was launched. The acquiring business, Euroline, was divested. DnB's corporate card portfolio in Norway and Nets' Business Eurocard operations in Finland, were acquired.
WEALTH MANAGEMENT	 <p>Head: Christoffer Malmer</p>	Wealth Management offers asset management and advisory services to institutions, life insurance companies and private individuals. It also includes a leading Nordic private banking offering to high net-worth individuals and foundations with a broad range of services in legal advice, investment, financing, insurance and everyday banking services in Sweden and abroad.	The private banking offering was strengthened by enhanced analysis and investment processes. The division improved its fund offering, where for example SEB's micro-finance funds for institutional clients attracted strong customer interest. Customer demand continued for SEB's solutions products – the strategy funds – which generated significant new inflows.
LIFE	 <p>Head: Peter Dahlgren</p>	Life provides insurance and pension solutions for private individuals and companies. SEB's life division is one of the leading life insurance providers and one of the three largest providers of unit-linked insurance solutions in the combined Nordic and Baltic region.	Life announced the opening of the traditional life insurance portfolios in Sweden, taking a position as a full service life insurance company. Trygg Pension, a guarantee product covering 90 per cent of paid premiums, was launched, later followed by the Swedish portfolio bond targeting the private bank segment.
BALTIC	 <p>Head: David Teare</p>	Banking and advisory services are provided in Estonia, Latvia and Lithuania to 1.8 million private customers and 130,000 small and medium-sized corporate customers through the network of 113 branch offices, online or through mobile solutions. Baltic real estate holding companies are also part of the division.	SEB rolled out its Baltic Innovation Lab, aimed at advising and helping especially start-up companies. The mobile payment application was enhanced. The division focused on corporate sustainability and the network of paper-free branches was expanded. The home bank strategy was improved through a more advisory-driven approach. Lithuania made preparations for the conversion to the euro.

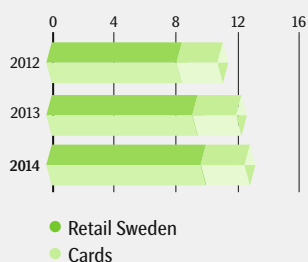
OPERATING INCOME BY BUSINESS AREA (SEK bn)

COMMENTS ON THE RESULT 2014



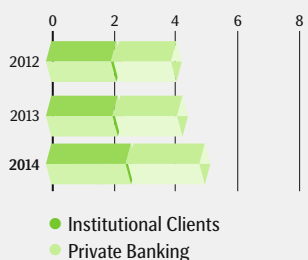
Operating income increased by 8 per cent to SEK 18.1bn. Most units contributed to the improvement, to a large extent reflecting the higher levels of activity. Operating expenses were almost flat. Asset quality in general remained high. Operating profit rose by 11 per cent to SEK 9.1bn.

Event-driven activities on the M&A and IPO markets were high, FX performed better than last year while Fixed Income reported lower income due to low interest rates and lower volatility.



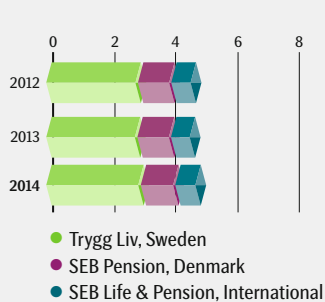
Operating income rose by 5 per cent, primarily due to higher net interest income from the loan portfolio. Operating expenses were slightly down. Asset quality remained strong and loan losses were stable.

The number of corporate home bank customers increased by 9,400. Corporate lending, however, decreased somewhat due to the uncertain global economy. Private customers' savings in mutual funds more than doubled. SEB's household mortgage portfolio grew in line with the market.



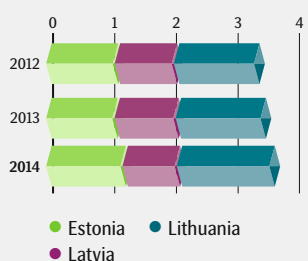
Operating income increased by 16 per cent due to improved base commissions as well as increased brokerage, performance and transaction fees. Operating expenses were almost flat. Operating profit rose by 40 per cent.

Private Banking continued to attract new customers and new assets under management during the year. For Institutional Clients, 2014 was marked by an all-time-high in sales and several new mandates were won.



Operating income rose by 4 per cent, mainly due to an increase in unit-linked insurance. Operating expenses were almost flat. Operating profit increased by 9 per cent, primarily as a result of higher fund values, but also due to higher premium volumes, especially in Sweden and Denmark.

Premium income amounted to SEK 36bn (up 20 per cent).



Operating income was up by 4 per cent, partly due to increased net interest income. Operating expenses were virtually flat. Net credit losses were substantially down from previous year and non-performing loans declined by 21 per cent. As a result, operating profit improved by 13 per cent.

SHARE OF GROUP TOTAL

TOTAL OPERATING INCOME SEK 46.9bn



Merchant Banking	39 %
Retail Banking	27 %
Wealth Management	10 %
Life	10 %
Baltic	8 %
Other	6 %

TOTAL OPERATING PROFIT SEK 23.3bn



Merchant Banking	39 %
Retail Banking	28 %
Wealth Management	10 %
Life	9 %
Baltic	6 %
Other	8 %

EMPLOYEES Number of full-time equivalents (15,714)



Merchant Banking	14 %
Retail Banking	21 %
Wealth Management	6 %
Life	8 %
Baltic	18 %
Other ¹⁾	33 %

1) Staff and business support.

For detailed information refer to note 2.

CORPORATE GOVERNANCE AT SEB

TO MAINTAIN THE IMPORTANT SOCIAL FUNCTION as a bank it is of paramount importance for SEB that all stakeholders – customers, employees, shareholders and others – have great confidence in the Bank's operations. High ethical and professional demands on the organisation and employees are crucial as is maintaining a sound risk culture. Good corporate governance is essential for this confidence and allows the entire bank to work effectively towards the same goals.

THE IMPORTANCE OF CORPORATE GOVERNANCE

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

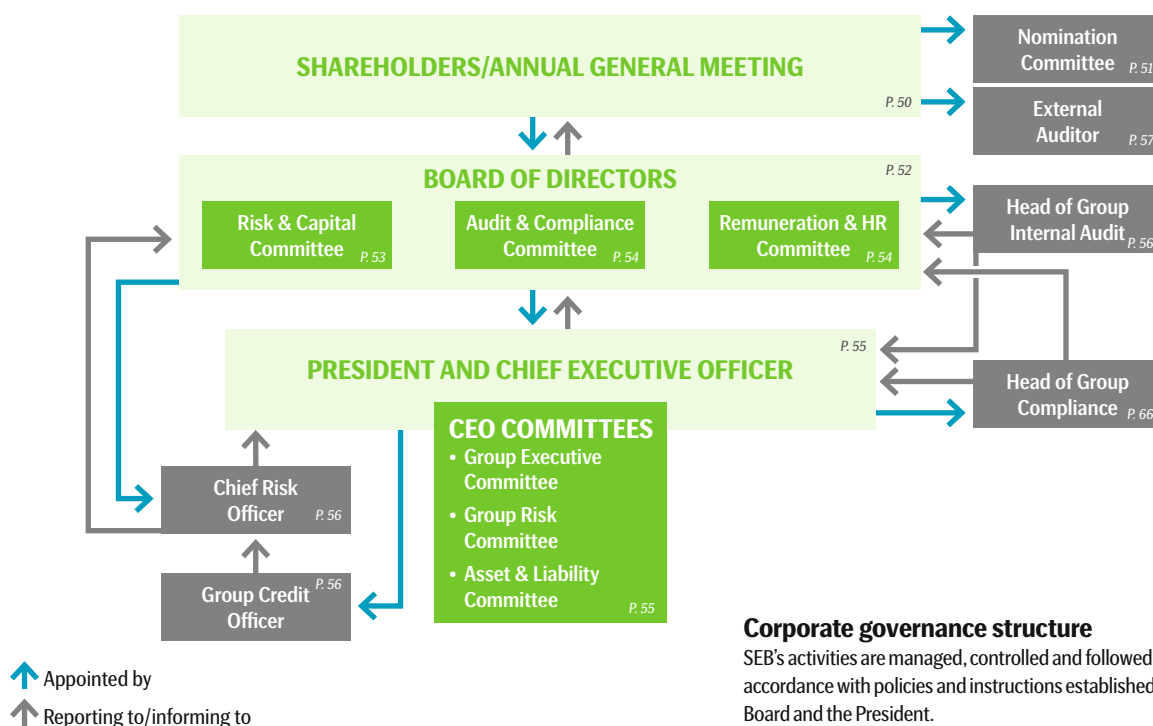
Instilling trust among customers, employees, shareholders and many other stakeholders is important for SEB.

Well-functioning corporate governance forms the basis for this trust. To maintain this and prevent conflicts of interest roles and responsibilities are clearly defined and allocated among shareholders, directors, management and other stakeholders. SEB's work on corporate governance is focused on ensuring smooth and effective operations of the Bank with high ethical

standards, sound risk management and internal control.

RULES AND REGULATIONS

As a Swedish public limited liability financial institution with securities quoted on Nasdaq Stockholm, SEB is subject to numerous rules that affect its governance. The external framework for SEB's corporate governance



Corporate governance structure

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

» Central areas of focus in the Board's work during the year were the macroeconomic situation – with risks for global stagnation and deflation – and elevated geopolitical unease. The many far-reaching proposals for new international rules and regulations were also a topic of focus in discussions. In this environment SEB has continued to hold its course in order to create long-term, sustainable growth and customer benefit, which are the foundation for achieving the Bank's financial targets. «

Marcus Wallenberg, Chairman of the Board



includes the following rules and regulations:

- the Companies Act
- the Annual Accounts Act
- the Nasdaq Stockholm Issuer Rules
- the Swedish Code of Corporate Governance (the Code)
- the Banking and Financing Business Act
- the Rules and regulations issued by the Swedish Financial Supervisory Authority
- the Rules and regulations issued by the European Banking Association

In addition, SEB applies an internal framework, which among other things includes the Articles of Association, adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to define the division of responsibility within the Group are important tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles. Of special importance are:

- the Rules of Procedure for the Board
- the Instructions for the President and the Group's Activities
- the Group's Credit Instruction and Risk Policy
- the Instruction for Handling of Conflicts of Interest
- the Ethics Policy
- the Instruction for Procedures Against Money Laundering and Financing of Terrorism
- the Remuneration Policy
- the Corporate Sustainability Policy
- the Policies on assessment of suitability of Board Members, members of the Group Executive Committee (GEC) and other key function holders.

SEB's ethical and corporate sustainability endeavours are an integral part of the business, and the Board discusses these issues on a regular basis. SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability and various Group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context. *The Code of Business Conduct is available on SEB's website.*

SEB's Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. *The report and further information about corporate governance at SEB are available on SEB's website.*

THE SWEDISH CODE

SEB strives to follow the Code where appropriate. We have no deviations to report for 2014.

SHAREHOLDERS AND GENERAL MEETINGS OF SHAREHOLDERS

The shareholders influence is exercised at General Meetings of Shareholders through i.e. electing members of the Board and the Bank's auditor.

SEB has close to 270,000 shareholders. Approximately 170,000 of these own less than 500 shares, while around 200 hold more than 1,000,000 shares, accounting for 80 per cent of the capital and votes. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C shares carries one-tenth of one vote. SEB's largest

THE LARGEST SHAREHOLDERS

			31 December 2014	
	No. of shares	Of which Series C shares	Share of capital. %	Share of votes. %
Investor AB	456,198,927	4,000,372	20.8	20.9
Trygg Foundation	145,573,802		6.6	6.7
Alecta	128,400,000		5.9	5.9
Swedbank Robur funds	112,792,070		5.1	5.2
AMF Insurance & funds	52,542,136		2.4	2.4
SEB funds	35,914,021		1.6	1.7
SHB funds	33,570,275	26,419	1.5	1.5
Wallenberg-foundations	33,057,244	5,871,173	1.5	1.3
Norges Bank Investment Mngt	30,900,054		1.4	1.4
SHB	24,244,991		1.1	1.1
First Swedish National Pension fund	22,616,509		1.0	1.0
Fourth Swedish National Pension fund	22,343,975		1.0	1.0
Second Swedish National Pension fund	17,134,058		0.8	0.8
Nordea funds	16,299,639		0.7	0.8
Skandia Liv	18,252,418	1,703,752	0.6	0.6
Foreign owners	583,141,449	1,696,628	26.6	26.8

Source: Euroclear/SIS Ägarservice

SHAREHOLDER STRUCTURE



Percentage holdings of equity on 31 December 2014

Swedish shareholders	73.4
• Institutions and foundations	48.1
• Private individuals	12.0
• Mutual funds	13.3
Foreign shareholders	26.6

The majority of the banks approximately 270 000 shareholders are private individuals with small holdings. The ten largest share-holders account for 48 per cent of capital and votes.

Source: Euroclear/SIS Ågarservice AB

NUMBER OF SHAREHOLDERS

	Thousands
2010	295
2011	287
2012	277
2013	268
2014	269

SHARE OF VOTES REPRESENTED AT THE AGM

	Per cent
2010	60.85
2011	59.18
2012	62.18
2013	63.64
2014	63.71

The SEB share is the fourth most widely held listed share in Sweden.

shareholders and the shareholder structure as per 31 December 2014 are shown in the tables and graphs on page 45 and above.

The Annual General Meeting (AGM) of shareholders is held in Stockholm and the date and venue for the meeting is announced on the SEB website no later than at the time of release of the third-quarter interim financial report. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at General Meetings and to vote for the full number of their respective shares. Shareholders who cannot attend a General Meeting may appoint a representative. The Annual General Meeting is held in Swedish.

The 2014 AGM was held on 25 March 2014. A total of 1,184 persons, representing 1,899 shareholders, were in attendance at the AGM, as were all Board members, the GEC and the Bank's auditor. *The minutes from the AGM are available on SEB's website.* An electronic system of voting modules, so-called televoters, was used for voting at the AGM. The main resolutions made at the AGM were:

- approval of the dividend of SEK 4.00 per share
- reduction of the Board to eleven members
- re-election of eleven directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of Pricewaterhouse-Coopers as auditor
- adoption of guidelines for remuneration for the President and the other members of the GEC
- approval of three long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes.

NOMINATION COMMITTEE

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

The Nomination Committee is tasked with making recommendations, to be put to the AGM for decision, regarding,

- nomination of a person to preside as chairman of the AGM
- the number of directors
- nomination of directors
- nomination of the Chairman of the Board
- directors' fees, allocated among the Board members and fees for committee work
- fee to the Bank's auditor, nomination of auditor and
- when applicable, rules for the Nomination Committee.

As the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board as a result of the Bank's operations and organisation, position and future direction, as well as the criteria set out in the new rules and guidelines. Among other things, the Board's size and composition is discussed. This discussion covers such areas as industry experience and expertise as well as other diversity perspectives, including gender, age and geographic origin. Based on a recommendation by the Board of Directors, the Nomination Committee adheres to the Policy on diversity and assessment of suitability of Directors, adopted by the Board.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chairman of the Board along with representatives of the Bank's four largest shareholders (based on the largest voting power as of 31 August 2014), under the condition that these want to appoint a member. One of the independent

NOMINATION COMMITTEE FOR THE 2015 AGM

Member	Representing	Votes, % 31 August 2014
Petra Hedengran, <i>Chairman</i>	Investor	20.8
William af Sandeberg	Trygg Foundation	6.7
Staffan Grebbäck	Alecta	5.7
Peder Hasslev	AMF Insurance and funds	2.8
Marcus Wallenberg	SEB, Chairman of the Board	

36.0

Urban Jansson, *additional member, appointed by the Board*

directors shall be appointed as additional member of the committee. The composition of the Nomination Committee meets the requirements laid out in the Code with respect to directors' independence, among other things. The Nomination Committee has access to information about SEB's operations and financial and strategic position provided by the Chairman of the Board and the additional member. The Nomination Committee also reviews the evaluations of the Board, the Board's work and the Chairman of the Board.

An important principle is that the size and composition of the Board should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite experience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's current position and future orientation. The Nomination Committee for the 2014 AGM assessed the extent to which the Board met these requirements. The Nomination Committee found that the Board that was proposed to and elected by the 2014 AGM meets the requirements.

The Nomination Committee for the 2015 AGM was appointed in the autumn of 2014. A report on the Nomination Committee's work will be presented at the 2015 AGM. No special fee has been paid to the members of the Nomination Committee. *The Nomination Committee's proposals and a statement supporting its nomination of directors are available on SEB's website.*

BOARD OF DIRECTORS

The Board has overarching responsibility for the organisation, management and operations of the Group.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees. The Board has overall responsibility for the activities carried out within the Group and has the following duties, among others:

- deciding on the nature, direction and strategy of the business as well as the framework and objectives of the business activities
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Bank's Articles of Association
- deciding on major acquisitions and divestments as well as other major investments
- appointment or dismissal of the President, the Chief Risk Officer (CRO), the members of the GEC and the Head of Group Internal Audit, as well as these individuals' remuneration.

The Chairman of the Board organises and directs the work of the Board, ensures among other things that the directors receive information on a regular basis and education on changes in rules concerning the

activities of SEB and on responsibilities of directors of a listed financial company. Educational- and specialisation seminars are held each year for the Board in areas such as capital and liquidity, risk and regulations. New directors are offered seminars with information on and discussion about the Group's various operations, including information about the control functions for risk, internal audit and compliance.

The directors are elected by the shareholders at the AGM for a one-year term extending through the next AGM. Since the 2014 AGM the Board has consisted of eleven AGM-elected directors, without deputies, and of two directors and two deputies who serve as employee representatives. In order for a quorum to exist at a Board meeting, more than half of the directors must be present. The President is the only AGM-elected executive director. The Nomination Committee has assessed the directors' independence in relation to the Bank and the Bank's management as well as in relation to shareholders controlling more than 10 per cent of the shares or votes in the Bank and has found that the composition of the Board meets the requirements of the Code with respect to directors' independence. *The composition of the Board and the directors' independence are shown in the table on page 48. Biographical information about the directors is presented on p. 54.*

The work of the Board follows a yearly plan. In 2014, twelve board meetings were held. The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the Bank, such as when the President's work is evaluated. Other members of the management participate whenever required for the purposes of

EVALUATION OF THE BOARD OF DIRECTORS, THE PRESIDENT AND THE GROUP EXECUTIVE COMMITTEE

SEB uses an annual self assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual board members take an active part in discussions by the Board and its committees
 - whether board members contribute independent opinions
 - whether the meeting atmosphere facilitates open discussions.
- The outcome of the evaluation was presented to and discussed by the Board and the Nomination Committee. The evaluation

process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to evaluate the size and composition of the Board, among other things.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work, which was directed by Urban Jansson, one of the Deputy Chairmen.

The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.

BOARD OF DIRECTORS AS FROM THE 2014 AGM

Name	Position	Year elected	Independent in relation to		Risk and Capital Committee	Audit and Compliance Committee	Remuneration and HR Committee	Total remuneration SEK	Attendance at Board meetings	Attendance at committee meetings
			the Bank	the major shareholders						
Marcus Wallenberg	Chairman	2002	Yes	No	●	●	●	3,465,000	12/12	27/28
Urban Jansson	Deputy Chairman	1996	Yes	Yes	●			1,260,000	12/12	18/18
Jesper Ovesen	Deputy Chairman	2004	Yes	Yes	●			1,075,000	12/12	17/17
Johan H. Andresen	Director	2011	Yes	Yes		●		820,000	12/12	5/5
Signhild Arnegård Hansen	Director	2010	Yes	Yes			●	820,000	12/12	4/4
Samir Brikho	Director	2013	Yes	Yes				625,000	11/12	
Winnie Fok	Director	2013	Yes	Yes				625,000	9/12	
Birgitta Kantola	Director	2010	Yes	Yes		●		1,012,500	11/12	5/5
Tomas Nicolin	Director	2009	Yes	Yes	●			950,000	12/12	19/19
Sven Nyman	Director	2013	Yes	Yes			●	1,012,500	12/12	7/7
Annika Falkengren	Director	2005	No	Yes				–	12/12	
Magdalena Olofsson	Director ¹⁾	2012 ²⁾						–	11/12	
Maria Lindblad	Director ¹⁾	2012 ³⁾						–	12/12	
Annika Isenborg	Deputy Director ¹⁾	2014						–	10/10	
Håkan Westerberg	Deputy Director ¹⁾	2011						–	12/12	

● Chair ● Deputy Chair ● Member 1) appointed by the employees 2) Deputy Director 2003–2007 3) Deputy Director 2012–2013

informing the Board or upon request by the Board or the President.

Directors' fees

SEB's 2014 AGM set total fees of SEK 11,665,000 for the members of the Board and decided how these fees are to be distributed among the Board and its committees. Directors' fees are paid on a running basis during the mandate period.

Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that board members use 25 per cent of the director's fee each year to purchase and hold own SEB

shares up to an amount corresponding to one year's fee. *Information on remuneration principles, remuneration of the President and members of the GEC, and on long-term equity programmes is provided on p. 58.*

Board committees

The overall responsibility of the Board cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, the Board has three such committees: the Risk and Capital Committee (RCC), the Audit and Compliance Commit-

tee (ACC), and the Remuneration and Human Resources Committee (Rem-Co). These committees report to the Board on a regular basis. Committee members are appointed for a period of one year at a time. An important principle is that as many board members as possible shall participate in committee work, also as committee chairs. The Chairman does not chair any of the three committees. Neither the President nor any other officer of the Bank is a member of the committees. Apart from committee work, no other delegation of duties is applied.

— BOARD MEETINGS 2014 —

FEBRUARY	MARCH	APRIL	JUNE	SEPTEMBER	OCTOBER	DECEMBER
<ul style="list-style-type: none"> Annual accounts AGM notification and AGM proposals Balance sheet, capital and dividend policy Risk position, asset quality, credit portfolio, liquidity situation Internal and external audit IT Business review Corporate Sustainability 2013 Annual Report 	<ul style="list-style-type: none"> AGM Statutory meeting Group talent review and succession planning Remuneration issues 	<ul style="list-style-type: none"> Quarterly report Risk position, asset quality, credit portfolio, liquidity situation Risk tolerance and limits Business review Merchant Banking; Business Area Client coverage and its activities in Germany Business review SEB Kort Visit of the Director General of the Swedish Financial Supervisory Authority 	<ul style="list-style-type: none"> Business review operations in Gothenburg Site visit Gothenburg and the Telephone bank Review of employee survey (Insight) Business review risk and capital issues 	<ul style="list-style-type: none"> Macroeconomic review Recovery and Resolution Plan Business review Merchant Banking business area Transaction Banking Reviews of Swedish savings areas and Swedish household mortgages. 	<ul style="list-style-type: none"> Quarterly report Risk position, asset quality, credit portfolio, liquidity situation Business review division Life Business review Merchant Banking's international network Macroeconomic review 	<ul style="list-style-type: none"> Business plan 2015–2017, financial plans, forecasts Annual review of policies and instructions Board and CEO evaluation
			JULY <ul style="list-style-type: none"> Quarterly report Risk position, asset quality, credit portfolio, liquidity situation 			

RISK AND CAPITAL COMMITTEE



"Important areas of focus in 2014 were policy issues for household mortgages, and attitudes to loan amortisation among Swedish households and their increased level of debt. The Bank's credit portfolio and risk tolerance in the Baltic countries have been monitored closely in the light of

recent geopolitical events. The current low interest environment and relatively high risk appetite in the financial markets and its impact on the Bank have also been under observation. The Financial Supervisory Authority's work on completing Sweden's adaptation to the new capital requirement rules in Europe and the European regulators' Asset Quality Review, where SEB's capital strength was found to be in the top tier in Europe, were further topics for special consideration."

Urban Jansson, Chairman

The RCC supports the Board in overseeing and ensuring that SEB is organised and managed in such a way that all risks inherent in the Group's business are identified, defined, measured, monitored and controlled in accordance with the Board's risk tolerance statement as well as with external and internal rules. The RCC also monitors the Group's risk and capital situation on a continuous basis.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and the risk tolerance and strategy for near and long term, as well as implementation of this strategy. The RCC prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists the RemCo in providing a risk and capital based view on the remuneration system. The RCC held seventeen meetings in 2014.

The Group's Chief Financial Officer (CFO) has overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. The President, the CFO and the CRO regularly participate in the meetings. *The risk organisation is described on p. 52. Information on risk, liquidity and capital management is provided on p. 28.*

RCC members

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

The RCC's work during 2014:

- monitored the implementation of Group policies and adoption of credit policies and instructions that complement the Group's Credit Policy and Credit Instruction
- monitored the risk development with focus on the development of the long-term stability of the Swedish residential housing market
- prepared matters concerning market and liquidity risk limits
- reviewed significant changes in the credit portfolio and of the credit process within the Group
- reviewed risk measurement models, methods and risk management systems; in particular a realignment of the risk classification system
- reviewed material changes in the overall capital and liquidity strategy as well as the Group's capital adequacy and liquidity position
- proposed changes in the Group's capital goals and capital management matters, such as the dividend
- held strategic discussions on holistic financial and balance sheet management.

AUDIT AND COMPLIANCE COMMITTEE



"ACC continued during 2014 to focus on the implementation and upgrade of the Bank's processes in order to comply with new rules and regulations. Focus has also been on the internal controls of the Bank. Well-functioning processes and procedures are vital for maintaining

control over the risks in the business and for maintaining customers' and other stakeholders' confidence in the Bank. ACC has also attached great importance to procedures for IT and information security."

Birgitta Kantola, Chairman

The ACC supports the Board in its work with quality assurance of the Bank's financial reporting and internal control over the financial reporting. When required, the ACC also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the Bank's external and internal auditors and discusses the co-ordination of their activities. It ensures that any remarks and observations from the auditors are addressed. The Committee also evaluates the external auditors' work and independence.

In addition, the President's proposal for appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held five meetings in 2014. The CFO, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit matters and reports for the Committee's consideration. The President, the CFO and the CRO regularly participate in the meetings.

The Report on Internal Control over Financial Reporting can be found on p. 53.

ACC members

Birgitta Kantola (Chairman), Marcus Wallenberg (Deputy Chairman) and Johan H. Andresen.

The ACC's work during 2014:

- reviewed the annual accounts and interim reports as well as audit reports
- monitored the Group's internal audit
- monitored the Group's compliance issues
- monitored the internal control over the financial reporting
- monitored services, other than auditing services, procured from the external auditors
- drafted a recommendation to the Nomination Committee for election of the external auditor by the AGM
- adopted an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approved the annual Group Compliance Plan
- held discussions with representatives of the external auditors on several occasions, without the President or any other member of the Bank's management being present
- reviewed the accounting for the Bank's own credit risk.

REMUNERATION AND HUMAN RESOURCES COMMITTEE



"It is of vital importance that there is a maximum confidence in SEB's ability to recruit, retain and reward employees in a sound and competitive way. When legislators and authorities invariably change the regulatory framework, our ambition

to create and maintain stable prerequisites for remuneration structures is defied. In 2014, the Committee's work with remuneration matters, succession planning and other human resources issues has been concentrating on ensuring future leadership sourcing as well as business critical specialists. During the year SEB made a number of internal recruitments to the Group Executive Committee."

Sven Nyman, Chairman

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's remuneration system and remuneration practice, incentive programmes, risk adjustment of deferred variable pay and how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

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

In addition, the Committee oversees the Group's pension obligations and oversees, together with the RCC, all measures taken to secure the overall pension obligations of the Group, including development within the Bank's pension foundations. The RemCo held seven meetings in 2014.

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

RemCo members

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

The RemCo's work during 2014:

- reviewed the Remuneration Policy including the definition of categories of staff who have a material impact on SEB's risk profile
- proposed remuneration guidelines for the President and members of the GEC
- developed long-term equity programmes
- proposed remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- proposed remuneration of the Head of Group Internal Audit, the CRO and the Head of Group Compliance in accordance with the Remuneration Policy
- monitored remuneration principles, variable remuneration programmes and pension obligations
- followed up the annual Group Talent Review
- reviewed and discussed adaptations and implementation of regulations in the remuneration field such as the EU CRD IV Directive.

THE PRESIDENT

The Board has adopted an instruction for the President's duties and role. The President, who is also the Chief Executive Officer, is responsible for administrating the Bank's business in accordance with the strategy, directives, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and Group functions that report directly to the President.

The President's committees

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

The Group Executive Committee (GEC)

To safeguard the interests of the Group as a whole, the President consults with the GEC on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. The GEC held fifteen meetings in 2014. *Further information about the President and the GEC can be found on p. 56.*

The Asset and Liability Committee (ALCO)

The ALCO, chaired by the President and with the CFO as deputy chair, is a Group-wide decision-making, monitoring and consultative body. The ALCO, which held eleven meetings in 2014, handled the following matters, among others:

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

The Group Risk Committee (GRC)

The GRC, chaired by the President and with the CRO as deputy chair, is a Group-wide, decision-making committee that addresses all types of risk at group level in order to evaluate portfolios, products and clients from a comprehensive risk perspective. The GRC held 49 meetings in 2014.

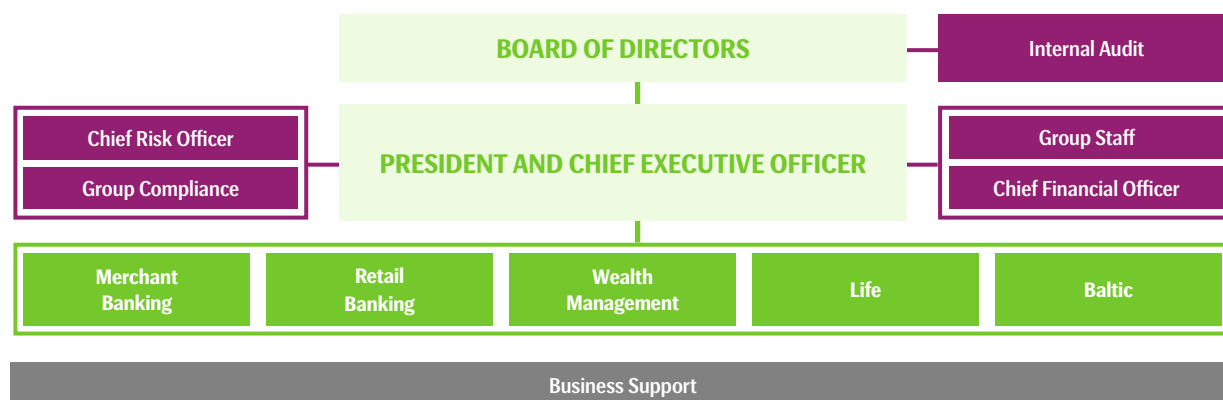
The GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the Group's long-term risk tolerance are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are adhered to and that the necessary rules and policies for risk-taking in the Group are maintained and enforced.

DIVISIONS, BUSINESS AREAS AND BUSINESS UNITS

The Board regulates the activities of the Group through an instruction concerning the Group's operations and

SEB'S ORGANISATION



has laid down rules establishing how the Group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised.

SEB's business is organised in five divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. Each division is responsible for the subsidiaries designated to the division. The Head of Division has overall responsibility for the activities of the division and appoints, after consultation with the President, heads of the business areas within the division.

A Country Manager is appointed in the respective countries where SEB operates. The Country Manager co-ordinates the Group's business locally and reports to a specially designated member of the GEC.

BUSINESS SUPPORT AND STAFF FUNCTIONS

Business Support is a cross-divisional function established to leverage economies of scale in processes and IT. Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems,

and management of SEB's IT portfolio. Business Support also includes SEB Way – a Group-wide programme for continuous improvement. A separate committee has been established by the President as a forum for the continuous management of SEB's IT development portfolio and decisions on IT-related matters.

SEB's staff functions have global accountability and manage SEB's group-wide instructions, policies and processes, among other things.

CONTROL FUNCTIONS

The Board has ultimate responsibility for the Group's risk organisation and for ensuring satisfactory internal control. The Board is responsible for that the risk management systems put in place are adequate with regard to the Banks profile and strategy. The RCC supports the Board in this work. At least once a quarter the Board and RCC receive a report on development of the Group's risk exposure.

The President has overall responsibility for managing all of the Group's risks in accordance with the Board's policies and instructions. The President shall ensure that SEB's organisation and administration are appropriate and that the Group's operations are in compliance with

— GEC MEETINGS 2014 —

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<ul style="list-style-type: none"> Macro update Annual accounts Asset quality and risk Internal Audit and Compliance Compliance Plan AGM notice 	<ul style="list-style-type: none"> Business review: IT Handling of customer complaints 	<ul style="list-style-type: none"> AGM preparations Business review: Merchant Banking Client Coverage Business review: SEB Card 	<ul style="list-style-type: none"> Macro update Quarterly report Asset quality and risk Internal Audit and Compliance Business review: Germany 	<ul style="list-style-type: none"> Discussion on capital requirements Employee Insight survey 2014 Strategy Innovation 	<ul style="list-style-type: none"> Nordic branding and image position Business review: Risk and capital issues
JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<ul style="list-style-type: none"> Quarterly report Asset quality and risk Internal Audit and Compliance 	<ul style="list-style-type: none"> Corporate Sustainability Employee Insight actions Innovation 	<ul style="list-style-type: none"> Business review: Merchant Banking Transaction Banking Business review: Swedish savings areas and Swedish household mortgages Business plan 2015-2017 	<ul style="list-style-type: none"> Macro update Quarterly report Asset quality and risk Internal Audit and Compliance Business review: Merchant Banking international network Business review: Life 	<ul style="list-style-type: none"> Annual review of policies and instructions Business review: SEB home markets Boards in subsidiaries Outsourcing 	<ul style="list-style-type: none"> Business Plan 2015-2017

external and internal rules. The President has a particular responsibility to present essential risk information regarding SEB to the Board, including the utilisation of limits.

Primary responsibility for ensuring that the Board's intent regarding risk management and risk control is applied in practice within the Group lies with the GRC.

Management at all levels within the divisions, the Group's business support and staff functions represent the first line of defense for risks in the organisation. The CRO function and Group Compliance form the second line of defense for ensuring that the Board's intent regarding risk management and risk control is applied in practice within the Group. Group Internal Audit provides independent assurance and is the third line of defense.

THE CRO FUNCTION

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

The CRO function is organised in two units that report to the CRO: Group Risk and Group Credits.

Group Risk assesses, measures and monitors risks – primarily market, liquidity, operational, credit and insurance risks against established limits and in accordance with best practice for risk management throughout the organisation. Group Risk also aggregates and analyses consolidated risk data across risk types and the Group's credit portfolios, handles models for the risk weighting and general matters surrounding risk governance and risk disclosure. Group Risk provides GRC, RCC and the Board with regular reports and analysis of SEB's risk profile and on the overall risk development.

Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the

Group's Credit Instruction, adopted by the Board. The Group Credit Officer is appointed by the President, upon recommendation by the CRO, and reports to the CRO. The chairs of the respective divisional credit committees have the right to veto credit decisions. Significant exceptions to the Group's Credit Policy must be escalated to a higher level in the decision-making hierarchy. *For further information about risk, liquidity and capital management, see p. 28.*

GROUP COMPLIANCE

The Group Compliance function is independent from the business activities while serving as a business support function. The Compliance function shall act proactively to assure the quality of compliance in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting the business activities and management. Special areas of responsibility include:

- customer protection
- market conduct
- prevention of money laundering and financing of terrorism
- regulatory compliance and control.

The Head of Group Compliance, who is appointed by the President after approval by the ACC, reports regularly to the President and the GEC, and informs the ACC, RCC and the Board about compliance issues. Following a Group-wide compliance risk assessment and approval by the ACC, the President adopts an annual compliance plan. The Board has adopted an Instruction for Group Compliance activities.

GROUP INTERNAL AUDIT

Group Internal Audit is a Group-wide assurance and control function commissioned by the Board. The Board has adopted an instruction that states that Group Internal Audit shall independently evaluate the Group's activities. The Head of Group Internal Audit is appointed by the Board. The main task of Group Internal Audit is to evaluate and give assurance to the Board and President that governance, risk management and internal controls are adequate and effective. The work is performed with a

INFORMATION ABOUT THE AUDITOR

According to SEB's Articles of Association, the Bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2014 for the period up to and including the 2015 AGM. The partner in charge,

as from the 2012 AGM, is Peter Nyllinge, Authorised Public Accountant. Peter Nyllinge has auditing experience from several major Swedish companies. The co-signing auditor is Authorised Public Accountant Magnus Svensson Henryson. The fees charged by the auditors for the auditing of the Bank's annual accounts for the 2013 and 2014 financial years and for other assignments invoiced during these periods are shown in the table below.

FEES TO THE AUDITORS

SEK m	2014	2013
Audit assignment	27	27
Audit related services	30	20
Tax advisory	13	14
Other	6	19
Total	76	80

AUDITOR

Elected by the Annual General Meeting PricewaterhouseCoopers

Peter Nyllinge

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



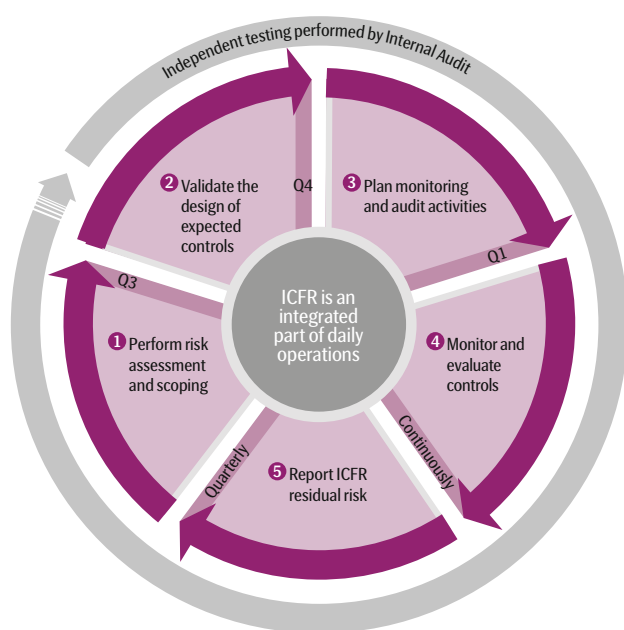
risk-based approach in accordance with the methodology developed by the Institute of Internal Auditors. Each year ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings quarterly to the ACC. The Head of Internal Audit also provides reports to the RCC and the Board. The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is regularly evalu-

ated in a quality assessment, at least every fifth year, by an independent party. Group Internal Audit co-ordinates its work covering the Bank's financial reporting with the Bank's external auditors. The Bank's external auditors rely to some extent on the work of Group Internal Audit in its assignment to review the Group's financial reporting. This requires that the external auditors evaluate Group Internal Audit. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financing Reporting (ICFR) is an established process for assessing the reliability of the financial reporting. The ICFR process is conducted in an annual

cycle, described in the sections below. It is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).



1 Perform risk assessment and scoping

Yearly risk assessments are performed, at the Group and legal entity levels, to identify and understand the main risk areas related to the financial reporting process, taking into consideration both materiality and complexity aspects. The risk assessment is the basis for defining which focus areas as well as which legal entities, processes and related systems that are to be covered by the ICFR process during the coming year. The result is stated in an annual report to the Audit and Compliance Committee (ACC).

2 Validate the design of expected controls

The ICFR structure, consisting of Group-wide, process and IT-controls, is designed to reduce the risk for errors in the financial reporting. Examples of controls are the validation of valuation of financial instruments, account reconciliations and system access controls. The structure and controls are validated yearly with the help of expertise from the business and finance functions to ensure that they cover the identified risks. The control structure is continuously communicated to involved parties to clarify roles and responsibilities.

3 Plan monitoring and audit activities

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

4 Monitor and evaluate controls

Monitoring includes activities such as self-assessments of control status and key risk indicator (KRI) reporting. This monitoring aims to identify weaknesses in the controls performed and thereby initiate compensating controls and remediation activities. During the year a number of process changes were finalized, which led to improved control and efficiency improvements. The monitoring has also been strengthened by enhancing the KRI reporting.

5 Report ICFR residual risk

The monitoring results are analysed to assess the risk for errors in the financial reporting. This is done in connection with the quarterly external financial reporting. The summary ICFR monitoring report is reported to the CFO on a quarterly basis and to the ACC once a year. It describes the residual financial reporting risk, including a description of identified control gaps, how well these are compensated by other controls and how the work with gap remediation activities is progressing. The consolidated reporting of ICFR residual risk contributes to transparency in the organisation and enables prioritisation of remediation activities.

In addition to management's monitoring activities, Internal Audit independently tests ICFR in accordance with a plan adopted by the ACC. The audit results as well as measures taken and their current status are also reported on a regular basis to the ACC.

BOARD OF DIRECTORS

MARCUS WALLENBERG

Born 1956; B. Sc. (Foreign Service).
Chairman since 2005. Elected in 2002.
Other assignments: Chairman of Saab and FAM. Director of AstraZeneca, Investor, Temasek Holdings and Knut and Alice Wallenberg Foundation.
Background: Citibank in New York, Deutsche Bank in Germany, S G Warburg Co in London and Citicorp in Hong Kong. SEB and Stora Feldmühle in Germany. Executive Vice President of Investor and President and Group Chief Executive of Investor. Chairman of Electrolux and LKAB. Director of Stora Enso and EQT Holdings.
Nationality: Swedish
Own and closely related persons' shareholding: 753,584 class A-shares and 720 class C -shares.

SIGNHILD ARNEGÅRD HANSEN

Born 1960; B. Sc. (Human resources) and journalism studies. Elected in 2010.
Other assignments: Chairman of SLC-Group with Svenska LantChips and SFN/Timbro. Director of Magnora and Dagens Industri. Vice Chairman of the Swedish-American Chamber of Commerce (SACC), USA. Director of SACC, New York, Business Sweden, ESBRI and King Carl XVI Gustaf's Foundation for Young Leadership.
Background: President of the family-owned company Svenska LantChips. Chairman of Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis and University of Lund.
Nationality: Swedish
Own and closely related persons' shareholding: 2,578 class A-shares.

TOMAS NICOLIN

Born 1954; B. Sc. (Econ) and M.Sc. (Management). Elected in 2009.
Other assignments: Director of Nordstjärnan, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation, Centre for Justice, Research Institute of Industrial Economics, the Swedish Corporate Governance Board, SFN/Timbro, Sällskapet Vänner till Pauvres Honteux and Förvaltnings AB Sydholmarna. Member of the Investment Committee of NIAM Property Fund.
Background: Broad experience in the financial sector as CEO of Alecta, Third National Swedish Pension Fund and E. Öhman J:or Fondkommission as well as a leading position in Handelsbanken. Several directorships.
Nationality: Swedish
Own and closely related persons' shareholding: 66,000 class A-shares.

URBAN JANSSON

Born 1945; Higher bank degree (SEB).
Deputy Chairman since 2013. Elected in 1996.
Other assignments: Chairman of EAB and HMS Networks. Director of Lindén-gruppen.
Background: SEB in various management positions. President and CEO of HNJ Intressenter (former subsidiary of the Incentive Group). Executive Vice President of the Incentive Group. President and Group Chief Executive of Ratos. Chairman of Rezidor Hotel Group and Svedbergs i Dalstorp. Director of Höganäs and Clas Ohlson among others.
Nationality: Swedish
Own and closely related persons' shareholding: 56,840 class A-shares.

SAMIR BRIKHO

Born 1958; M.Sc. (Engineering, Thermal Technology). Elected in 2013.
Other assignments: CEO of Amec Foster Wheeler plc., UK. UK Business Ambassador since 2010. Co-Chairman of UK-UAE Business Council and of UK-ROK CEO Forum. Member of Stena Advisory Board. Chairman of World Economic Forum Disaster Resource partnership and of Step Change Charity. Director of UK-Japan 21st Century Group. Member of the Advisory Board of Life Lebanon and the International Advisory Board of School of Oriental & African Studies. Founding Member of Palestine International Business Forum.
Background: Broad international experience from management and leadership, especially within the industrial sector. Leading positions within the international business of ABB, among others as Division Head and CEO of significant subsidiaries. Member of the GEC of ABB Ltd, Switzerland.
Nationality: Swedish
Own and closely related persons' shareholding: 0

SVEN NYMAN

Born 1959; B.Sc. (Business and Econ).
Elected in 2013.
Other assignments: Chairman of RAM Rational Asset Management. Director of RAM ONE, Consilio International, Nobel Foundation Investment Committee, Stockholm School of Economics and Stockholm School of Economics Association.
Background: Many years' experience from the financial business field. Managerial positions within Investor. CEO and Founder of Lancelot Asset Management and Arbitech.
Nationality: Swedish
Own and closely related persons' shareholding: 10,440 class A-shares and 10,200 class C-shares.

JESPER OVESEN

Born 1957; B. Sc. (Econ) and MBA.
Deputy Chairman since 2014. Elected in 2004.
Other assignments: Director of Sunrise Communications AG, Switzerland.
Background: Price Waterhouse. Vice President and later Group Chief Executive of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Danske Bank A/S, LEGO Holding A/S and TDC A/S. Chairman of Nokia Solutions and Networks BV. Director of Orkla ASA.
Nationality: Danish
Own and closely related persons' shareholding: 25,000 class A-shares.

WINNIE FOK

Born 1956; Bachelor of Commerce.
Elected in 2013.
Other assignments: Director of Volvo Car Corporation, G4S plc, Kemira Oyj and HOPU Investments Co, Ltd. Senior Advisor to Foundation Administration Management Sweden.
Background: Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of Institute of Chartered Accountants in England and Wales. Industrial advisor and Senior Advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd.
Nationality: British
Own and closely related persons' shareholding: 3,000 class A-shares

ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).
President and CEO since 2005. Elected in 2005.
Other assignments: Chairman of the Swedish Bankers' Association. Director of Securitas. Member of Supervisory Board Volkswagen AG.
Background: Various positions within SEB Merchant Banking. Global Head of Trading and Head of Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy Chief Executive Officer of SEB.
Nationality: Swedish
Own and closely related persons' shareholding: 377,113 class A-shares, 138,459 performance shares and 287,361 conditional share rights.

JOHAN H. ANDRESEN

Born 1961; B.A. (Government and Policy Studies) and MBA. Elected in 2011.
Other assignments: Owner and Chair of Ferd AS. Chair of Council on Ethics, Norwegian Pension Fund Global. Director of SWIX Sport AS, NMI-Norwegian Microfinance Initiative, Junior Achievement Young Enterprise Europe and Junior Achievement Young Enterprise Norway.
Background: International Paper Co. Partner of Ferd AS. CEO of Ferd AS.
Nationality: Norwegian
Own and closely related persons' shareholding: 100,000 class A-shares.

BIRGITTA KANTOLA

Born 1948; LL.M and Econ. Dr. H.C.
Elected in 2010.
Other assignments: Director of StoraEnso and Nobina.
Background: Broad experience in banking and finance, e.g. Nordic Investment Bank (Executive Vice President and Head of Finance). Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. Deputy General Manager of Ålandsbanken, Finland.
Nationality: Finnish
Own and closely related persons' shareholding: 27,000 class A-shares.



MARCUS WALLENBERG

URBAN JANSSON



ANNIKA FALKENGREN

BIRGITTA KANTOLA



ANNIKA ISENBORG



WINNIE FOK



SAMIR BRIKHO

HÅKAN WESTERBERG



MAGDALENA OLOFSSON



JESPER OVESEN



MARIA LINDBLAD



SVEN NYMAN



TOMAS NICOLIN

JOHAN H. ANDRESEN



SIGNHILD ARNEGÅRD HANSEN

Directors appointed by the employees

MARIA LINDBLAD

Born 1953; B.Sc. (Econ) Katowice School of Economics, Poland. Elected in 2012.

Other assignments: First Vice Chairman of Financial Sector Union of Sweden SEB Group and Chairman of Regional Club Stockholm City of the same union.

Background: SEB (FinansSkandic) and later on Division Merchant Banking.

Nationality: Swedish

Own and closely related persons' shareholding: 5,478 class A-shares.

MAGDALENA OLOFSSON

Born 1953; Studies in Economics and Accounting. Elected in 2012.

Other assignments: Chairman of Financial Sector Union of Sweden SEB Group and Vice Chairman of Regional Club Stockholm & East of the same union. Chairman of the European Works Council SEB Group. Director of Financial Sector Union Sweden.

Background: Various positions in SEB. Deputy Member of the Board of SEB. Director of Finance and Insurance Unemployment Benefit Fund and SEB BoLån.

Nationality: Swedish

Own and closely related persons' shareholding: 0

Deputy Directors appointed by the employees

ANNIKA ISENBORG

Born 1967; Studies in Working Environment. Elected in 2014.

Other assignments: Second vice Chairman of Financial Sector Union of Sweden SEB Group. Chairman of Financial Section Union of Sweden Regional Club Group Operations of SEB.

Background: Employed at Fixed Income, Group Operations SEB. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.

Nationality: Swedish

Own and closely related persons' shareholding: 0.

HÅKAN WESTERBERG

Born 1968; Engineering logistics. Elected in 2011.

Other assignments: Chairman Association of University Graduates at SEB.

Background: Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor.

Nationality: Swedish

Own and closely related persons' shareholding: 2,923 class A-shares.

CONTACT THE BOARD OF DIRECTORS:

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

GROUP EXECUTIVE COMMITTEE



ANNIKA FALKENGREN

Born 1962; SEB employee since 1987; B.Sc. (Econ). President and CEO since 2005.

Own and closely related persons' shareholding: 377,113 class A-shares, 138,459 performance shares and 287,361 conditional share rights.

MAGNUS CARLSSON

Born 1956; SEB employee since 1993; B.Sc. (Econ). Deputy President & CEO since 2014.

Own and closely related persons' shareholding: 54,998 class A-shares and 173,060 conditional share rights.

JOHAN ANDERSSON

Born 1957; SEB employee since 1980; B.Sc. (Econ). Chief Risk Officer since 2010. Head of Credits and Risk Control since 2004.

Own and closely related persons' shareholding: 49,667 class A-shares, 22 class C-shares.

JAN ERIK BACK

Born 1961; SEB employee since 2008; B.Sc. (Econ). Executive Vice President, Chief Financial Officer since 2008.

Own and closely related persons' shareholding: 60,968 class A-shares and 146,541 conditional share rights.

VIVEKA HIRDMAN-RYRBERG

Born 1963; SEB employee since 1990; B.Sc. and Lic. Sc. (Econ). Head of Group Communications since 2009. Chairman of the Corporate Sustainability Committee.

Own and closely related persons' shareholding: 62,761 class A-shares and 50,610 conditional share rights.

MARTIN JOHANSSON

Born 1962; SEB employee since 2005; B.Sc. (Econ). Head of Business Support from 2011.

Own and closely related persons' shareholding: 54,237 class A-shares, 32,399 performance shares and 117,187 conditional share rights.

ULF PETERSON

Born 1961; SEB employee since 1987; LL.B. Head of Group Human Resources since 2010.

Own and closely related persons' shareholding: 36,360 class A-shares, 12,625 performance shares and 70,911 conditional share rights.

MATS TORSTENDAHL

Born 1961; SEB employee since 2009; M.Sc. (Engineering Physics). Executive Vice President, Head of the Retail Banking division since 2009.

Own and closely related persons' shareholding: 114,219 class A-shares and 144,940 conditional share rights.



CHRISTOFFER MALMER



PETER DAHLGREN



FREDRIK BOHEMAN

JAN ERIK BACK



DAVID TEARE



JOHAN TORGEBY

MARTIN JOHANSSON



ULF PETERSON

Additional members

JOACHIM ALPEN

Born 1967; SEB employee since 2001; M.A. (International relations). Co-head of the Merchant Banking division since 2014.

Own and closely related persons' shareholding: 5,756 class A-shares and 36,130 deferral rights.

PETER DAHLGREN

Born 1972; SEB employee since 2008; Head of the Life division since 2014.

Own and closely related persons' shareholding: 22,962 class A-shares, 12,154 deferral rights and 12,356 conditional share rights.

CHRISTOFFER MALMER

Born 1975; SEB employee since 2011; B.A. (International business). Head of the Wealth Management division since 2014.

Own and closely related persons' shareholding: 7,353 class A-shares and 18,275 deferral rights.

DAVID TEARE

Born 1963; SEB employee since 2006; B. Comm. Head of the Baltic division since 2011.

Own and closely related persons' shareholding: 54,677 class A-shares and 71,693 conditional share rights.

JOHAN TORGEBY

Born 1974; SEB employee since 2009; B. Sc. (Econ). Co-head of the Merchant Banking division since 2014.

Own and closely related persons' shareholding: 5,229 class A-shares and 18,275 deferral rights.

FREDRIK BOHEMAN

Born 1956; SEB employee since 1985; M.A. in International Economics; Country manager, SEB Germany since 2010.

Own and closely related persons' shareholding: 39,433 class A-shares, 139,647 performance shares and 77,030 conditional share rights.

PETER HØLTERMAND

Born 1963; SEB employee since 1997; B.Sc. (Econ); Country Manager SEB Denmark since 2002.

Own and closely related persons' shareholding: 32,008 class A-shares and 22,762 deferral rights.

MARCUS NYSTÉN

Born 1960; SEB employee since 1998; M.Sc. (Econ); Country Manager SEB Finland since 2010.

Own and closely related persons' shareholding: 45,426 class A-shares and 19,573 deferral rights.

WILLIAM PAUS

Born 1967; SEB employee since 1992; M. Sc. (Econ); Country Manager SEB Norway since 2010.

Own and closely related persons' shareholding: 34,012 class A-shares and 29,537 deferral rights.

For further information, please refer to sebgroupp.com.

REMUNERATION REPORT

SEB aims to attract and retain committed and competent employees, who contribute to the Bank's long-term success. Employee remuneration should encourage high performance, sound behaviour and risk-taking that is aligned with SEB's values and risk tolerance set by the Board of Directors. Remuneration is based on experience, responsibility and performance, and promotes a long-term commitment to creating sustainable value for customers and shareholders.

REMUNERATION POLICY

The principles for determining, applying and following up remuneration within SEB, as well as the principles for identifying categories of staff who have a material impact on SEB's risk profile (Identified staff), are laid out in SEB's Remuneration Policy, which is updated annually. The Board's Remuneration and Human Resources Committee (RemCo) drafts a proposed, revised version, with input from the relevant control functions, for final adoption by the Board. In 2014 a total of 1,201 persons within SEB were identified staff. *For further information about remuneration, please see note 9.*

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

REMUNERATION STRUCTURE

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

The base pay, which is the main remuneration component, shall be competitive and aligned with the employee's experience. It shall also be in line with industry peers in the respective geographical markets in which SEB operates.

Equity-based remuneration is a means to attract and retain staff with key competences in SEB. It is also an incentive for the employees to become shareholders of SEB and builds and strengthens long-term commitment in the interests of the shareholders. Furthermore, regulatory requirements for financial institutions demand that variable remuneration to a large extent is paid out in equity or equity-related instruments.

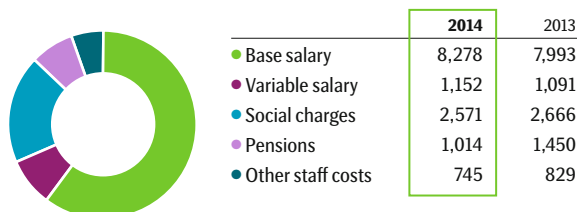
SEB has both all-employee and individual performance linked equity programmes as part of remuneration. The purpose of all-employee programmes is to promote all employees to increase their interest in the long-term development and value creation of SEB.

SEB also offers special equity programmes to selected key employees with allotment based on individual performance. All programmes are based on own investment.

A smaller share of the employees are eligible for individual cash-based variable remuneration, but only in operations where it is common market practice, such as in investment banking. In 2014, individual short-term cash-based variable remuneration accounted for 4 per cent (5) of SEB total staff costs.

STAFF COSTS

SEK m



All variable remuneration is based on SEB's risk-adjusted performance. The variable remuneration models are adapted to applicable regulations in terms of for example maximum level in relation to fixed remuneration and with regards to deferral and reclaim of deferred not yet paid out variable remuneration.

Long-term equity programmes 2014

Prior to the 2014 Annual General Meeting (AGM) an in-depth evaluation of the long-term equity programmes was conducted. Based on this evaluation the 2014 AGM approved three different programmes for the year:

- All Employee Programme 2014
- Share Matching Programme 2014
- Share Deferral Programme 2014.

All Employee Programme 2014

SEB's All Employee Programme 2014 is a programme for all employees in most of the countries where SEB operates. 50 per cent of the outcome is paid in cash and 50 per cent is deferred for three years. Deferred awards are paid in SEB Class A shares for employees in Sweden and in cash adjusted for total return of SEB's A-share for employees outside of Sweden. Deferred awards are normally forfeited if the employee leaves SEB before the end of the three-year period. The individual maximum allotment in the programme is capped (SEK 55,000 in Sweden), and the outcome is based on the achievement of predetermined Group targets – the financial target return on equity, cost development and the non-financial target customer satisfaction. The outcome is conditional upon a proposal being submitted at the 2015 AGM for payment of a shareholder dividend for 2014.

Share Matching Programme 2014

Approximately 100 selected key employees with critical business competences participate in a share purchase programme based on their own investment and with the possibility to receive share rights and additional performance-based share rights. The investment amount, which is based on the individual's performance during the preceding year and is pre-determined and capped for each participant, is taken from the short-term variable remuneration outcome and is deferred for three years. One deferral right corresponds to the average market price of one SEB Class A share. After the three-year performance period the participant receives one share right, one matching share right and a maximum of three performance-based share rights for each deferral right. Each share right carries the right to receive one Class A share in SEB. A requirement is that the participant remains with SEB during the perfor-

REMUNERATION IN SEB IN 2014

SEK thousand

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits	Total	Pensions
President and CEO, Annika Falkengren	9,000	-	4,829	1,580	15,409	4,500
Other members of the GEC ¹⁾	34,330	-	13,411	1,301	49,042	14,680
Total	43,330	0	18,240	2,881	64,451	19,180
SEB excluding GEC	8,234,518	780,003	353,891	92,658	9,461,070	994,534
SEB Total	8,277,848	780,003	372,131	95,539	9,525,521	1,013,714

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

The Share Matching Programme 2011 was closed during the year and the President and CEO received shares to a value of SEK 15,741,683 (15,018,406). The corresponding value for the Share Matching Programme 2011, Performance shares and Savings shares for GEC excluding the President is SEK 69,660,744 (37,702,116).

mance period. The exercise period is four years.

The outcome of the programme, i.e., the number of performance-based matching share rights that the participants receive, depends on the outcome of two predetermined performance requirements – total return in relation to SEB's peers (1/3 of the maximum outcome) and in relation to the long-term risk-free interest rate (2/3 of maximum outcome).

The value of the programme is capped at full vesting under the two performance criteria and a doubled share price based on the predetermined initial share price. The participants in the Share Matching Programme do not participate in the Share Deferral Programme (see below).

Share Deferral Programme 2014

GEC members and approximately 600 other senior executives and other key employees with critical competences are granted an individually determined number of conditional share rights based on the achievement of predetermined targets at Group, business unit and individual levels. The targets are set yearly as a mix of the financial target return on equity, cost development and the non-financial target customer satisfaction. For members of the GEC the initial grant may not exceed 100 per cent of base pay.

Ownership of 50 per cent of the share rights is transferred to the participant after a qualification period of three years and 50 per cent after five years. After each respective qualification period there is an additional holding period of one year, after which the share rights may be exercised during a period of three years. Each share right carries the right to receive one Class A share in SEB. A requirement for vesting is that the participant remains with SEB during the first three years of the programme. A further requirement is that the participant owns shares in SEB equal to a predetermined amount – for members of the GEC the equivalent of one year's salary net of taxes.

The participants in the Share Deferral Programme do not participate in the Share Matching Programme (see above). *Read more about the programmes on the corporate governance pages of www.sebgroup.com/en.*

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

SEB's Board of Directors decides on the remuneration of the President and other members of the GEC based on a

recommendation by the RemCo. Remuneration shall be in line with the guidelines set by the AGM.

According to the guidelines set by the 2014 AGM, the total remuneration for the members of the GEC is based on the three main components base pay, equity-based remuneration (Share Deferral Programme), and pensions and other benefits. Cash-based variable remuneration is not included. The pension plans for the members of the GEC are defined contribution plans, with the exception of a small defined benefit component according to the collective agreement covering all employees. The pension plan shall be in line with the SEB Group's Pension Policy.

For termination of employment initiated by the bank, a maximum of 12 months' severance pay is payable. SEB has the right to deduct income earned from other employment from any severance pay. Detailed information on the remuneration is provided in note 9c. The proposed guidelines for decision by the 2015 AGM comply in all material respects with the 2014 guidelines. *The proposal is available at www.sebgroup.com/en.*

OUTCOME AND STATUS, LONG-TERM INCENTIVE PROGRAMMES

Per cent

Performance Share programme		
2006	Final vesting	38
2007	Final vesting	0
2008	Final vesting	0
2009	Final vesting	50
2010	Final vesting	100
Share Matching programme		
2009	Final vesting	100
2010	Final vesting	72
2011	Final vesting	100
2012	Vesting level	100
2013	Vesting level	97
2014	Vesting level	26

Information on Share Deferral Programme is available in note 9

THE REGULATORY FRAMEWORK

THE REGULATORS HAVE CONTINUED TO FOCUS *on the function, efficiency and stability of the financial markets. New rules and regulations have a common overall purpose – to ensure a sound and less vulnerable financial system. There is a risk, however, that the combined effect of the regulations will hamper economic growth.*

THE PURPOSE OF THE REGULATIONS

Regulations can be categorised into three main areas.

The first area relates to financial stability, and includes safeguarding the global financial system as a whole as well as the strength of each financial institution on a stand-alone basis. The main purposes are to prevent the failure of one financial institution leading to a systemic breakdown and ensuring that the financial system can withstand severe scenarios without the support of taxpayers and central banks.

The second area relates to market conduct and market infrastructure. In this area the main focus has been on derivatives, especially over-the-counter trading. Regulatory initiatives are aimed primarily at enhancing transparency and improving risk mitigation in the markets.

The third main area relates to consumer protection in terms of marketing and packaging, accessibility and overall understanding.

IMPLEMENTATION WITHIN SEB

SEB is monitoring regulatory developments closely, at the global, European and local levels via the Swedish Bankers Association, the Swedish Securities Dealers Association and other similar domestic and international associations. SEB is in frequent contact with the regulators and

responds, via industry organisations, to a great number of consultations.

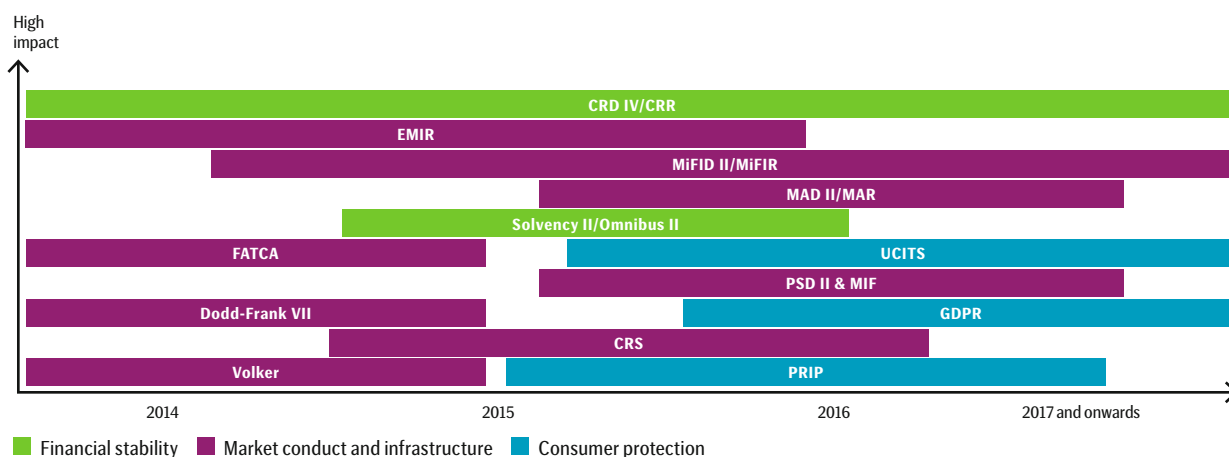
New regulatory requirements normally imply group-wide changes in SEB's procedures and processes, which require a well-structured and coordinated approach. A regulatory programme office function within Group Compliance has the task to ensure that the management of the regulatory projects portfolio is structured and effective.

SEB complies with the regulations as they evolve. The work involves around 25 main projects with 70 underlying projects. SEB's cost for implementation of the requirements is estimated at around SEK 300m per year. Judging from regulatory initiatives we do not expect the implementation work to decrease for a number of years.

SEB's costs for stability funds (in and outside Sweden), deposit guarantee programmes and fees to the Swedish Financial Supervisory Authority (FSA) and other supervisory authorities amounted to SEK 1 257m for the year.

In 2014, the Bank implemented the new EU common supervisory reporting requirements (FINREP and COREP) and took the required steps to be compliant with US regulations regarding swap dealers and foreign account taxation (FATCA). The FSA also took steps to clarify its requirements on banks' capitalisation. [See page 32.](#)

IMPLEMENTATION OF REGULATIONS



The implementation is carried out over a longer period of time in which circumstances may change. SEB's work usually starts with an analysis of draft legislation, continues with project work based on the final acts and is finalised by implementing delegated acts, technical standards and other regulatory guidance. The chart is based partly on decided and partly on expected implementation dates.

HIGH IMPACT REGULATIONS

The following table summarises the requirements which are deemed to have high impact on SEB in the coming years.

FINANCIAL STABILITY

EU	Capital Requirements Directive and Capital Requirements Regulation	(CRD IV) (CRR)	Implements the internationally agreed Basel III framework within the EU. Establishes requirements on financial institutions' capital and liquidity. Apart from changes in the definition of capital, the requirements encompass counter-cyclical buffers, liquidity and counterparty credit risk measures. Further defines the minimum capital levels and standards for the calculation of capital. Implementation in Sweden at stricter requirements.
EU	Solvency II /Omnibus II		Implements EU-wide capital requirements and risk management standards which will replace the current solvency requirements for the insurance industry.

MARKET CONDUCT AND MARKET INFRASTRUCTURE

EU	European Market Infrastructure Regulation	(EMIR)	Introduces mandatory clearing and reporting requirements for over-the-counter (OTC) derivatives contracts as well as new authorisation and regulatory requirements for central counterparties (CCPs) and trade repositories.
US	Dodd-Frank Act Title VII		Establishes US regulations for OTC derivatives and swaps. The key components are mandatory clearing, position reporting and mandatory trading on a market-place. Certain restrictions apply to trading with American clients.
US	Dodd-Frank Act section 619 - Volker rule	(Volker)	Establishes US regulations that prohibit banks to conduct certain investment activities with their own accounts, and limits their ownership of and relationship with hedge funds and private equity funds. The overall purpose is to prevent banks from making such speculative investments that contributed to the previous financial crisis.
EU	Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation	(MiFID II) (MiFIR)	Updates the regulatory framework for exchanges and other trading venues to ensure that the rules for trading in financial instruments are harmonised. It covers changes to trading venues, pre- and post-trade transparency, trade reporting requirements and recording of all orders. It also aims to harmonise the rules within the investor protection area. It will have an impact on pre-contractual information to be given to clients, introducing the notion of "independent advice" and a ban of inducements.
EU	Market Abuse Directive and Market Abuse Regulation	(MAD II) (MAR)	Updates the regulatory framework, ensures strengthened investigative and sanctioning powers of national regulators and increases reporting requirements.
EU	Payment Services Directive and Regulation on Multilateral Interchange Fees	(PSD II and MIF)	Aims towards an efficient European payments market and facilitates more secure internet payments services, enhances fraud protection for customers and increases customers' rights when transferring money. Introduces maximum levels of interchange fees on consumer debit and credit cards and bans surcharges on these type of cards.
US	Foreign Account Tax Compliance Act	(FATCA)	Aims to counteract tax evasion in the US. Requires all non-US financial institutions (FI) to assist the US tax authorities to identify and report all US tax liable persons holding off-shore accounts.
OECD	Common Reporting Standard	(CRS)	Establishes a new standard for OECD countries on automatic exchange of tax information that requires banks to identify to what jurisdiction its customers belong, and report client information to the local tax authorities. The tax authorities will then exchange information with countries they have an agreement with. The EU is also taking action to align its relevant directives with this standard.

CONSUMER PROTECTION

EU	Undertakings for Collective Investments in Transferable Securities	(UCITS)	Updates the rules regarding the depositary function, UCITS managers' remuneration and introduces new harmonised sanctions. Improves product rules, liquidity management, depositary, money market funds and long-term investments.
EU	Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products	(PRIIP)	Requires a standardised key information document to be provided to retail customers when they are considering buying investment products including insurance-based investment products, structured investment products as well as investment funds and sets criteria for supervision by authorities.
EU	General Data Protection Regulation	(GDPR)	Aims to harmonise data protection laws across the EU. Updates the current legislation with globalisation and technological developments and updates the supervision in EU. Protects individuals from unwanted use of private data.

EU regulations apply as law in the member states once adopted. EU directives provide guidance for implementation through national legislation.

DEFINITIONS

Cost/income ratio

Total operating expenses in relation to total operating income.

Return on equity

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

Return on business equity

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

Return on total assets

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

Return on risk exposure amount

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

Basic earnings per share

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

Diluted earnings per share

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

Equity per share

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

Risk exposure amount

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

Common Equity Tier 1 capital

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

Tier 1 capital

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

Tier 2 capital

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Leverage ratio

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

Liquidity Coverage Ratio (LCR)

High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined by Swedish regulations. (The Swedish Financial Supervisory Authority's code FFFS 2012:6).

Credit loss level

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

Gross level of impaired loans

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

Net level of impaired loans

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

Specific reserve ratio for individually assessed impaired loans

Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans

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

Reserve ratio for portfolio assessed loans

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

Non-performing loans (NPL)

Loans deemed to cause probable credit losses including individually assessed impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans.

NPL coverage ratio

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

NPL per cent of lending

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

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INCOME STATEMENT

SEB GROUP

SEK m	Note	2014	2013	Change, %
Interest income		48,624	49,723	-2
Interest expense		-28,681	-30,896	-7
Net interest income	3	19,943	18,827	6
Fee and commission income		21,418	19,133	12
Fee and commission expense		-5,112	-4,469	14
Net fee and commission income	4	16,306	14,664	11
Gains (losses) on financial assets and liabilities held for trading, net		4,845	4,570	6
Gains (losses) on financial assets and liabilities designated at fair value, net		-1,924	-518	
Net financial income	5	2,921	4,052	-28
Premium income, net		7,628	6,259	22
Income investment contracts		1,494	1,458	2
Investment income net		9,636	3,099	
Other insurance income		460	375	23
Net insurance expenses		-15,873	-7,936	100
Net life insurance income	6	3,345	3,255	3
Dividends		78	72	8
Profit and loss from investments in associates		23	17	35
Gains less losses from investment securities		4,543	352	
Other operating income		-223	314	-171
Net other income	7	4,421	755	
Total operating income		46,936	41,553	13
Staff costs	9	-13,760	-14,029	-2
Other expenses	10	-6,310	-6,299	0
Depreciation, amortisation and impairment of tangible and intangible assets	11	-2,073	-1,959	6
Total operating expenses		-22,143	-22,287	-1
Profit before credit losses		24,793	19,266	29
Gains less losses tangible and intangible assets	12	-121	16	
Net credit losses	13	-1,324	-1,155	15
Operating profit		23,348	18,127	29
Income tax expense	15	-4,129	-3,338	24
Net profit from continuing operations		19,219	14,789	30
Discontinued operations	49		-11	-100
NET PROFIT		19,219	14,778	30
Attributable to minority interests		1	7	-86
Attributable to shareholders		19,218	14,771	30
Basic earnings per share from continuing operations, SEK	16	8.79	6.74	
Diluted earnings per share from continuing operations, SEK	16	8.73	6.69	
Basic earnings per share from discontinued operations, SEK	16	0	0	
Diluted earnings per share from discontinued operations, SEK	16	0	0	
Basic earnings per share, SEK	16	8.79	6.74	
Diluted earnings per share, SEK	16	8.73	6.69	

Statement of comprehensive income

Net profit		19,219	14,778	30
Available-for-sale financial assets		-11	1,105	
Cash flow hedges		3,094	-905	
Translation of foreign operations		647	403	61
Defined benefit plans		-2,700	5,083	-153
Other comprehensive income (net of tax)	17	1,030	5,686	-82
TOTAL COMPREHENSIVE INCOME		20,249	20,464	-1
Attributable to minority interests			6	-100
Attributable to shareholders		20,249	20,458	-1

BALANCE SHEET

SEB GROUP

31 December, SEK m	Note	2014	2013	Change, %
Cash and cash balances with central banks		103,098	173,950	-41
Other lending to central banks		16,817	9,661	74
Loans to other credit institutions	19	90,945	102,623	-11
Loans to the public	19	1,355,680	1,302,568	4
<i>Securities held for trading</i>		298,300	318,329	-6
<i>Derivatives held for trading</i>		250,965	129,900	93
<i>Derivatives held for hedging</i>		22,546	12,477	81
<i>Fair value changes of hedged items in a portfolio hedge</i>		173	399	-57
<i>Financial assets – policyholders bearing the risk</i>		258,945	234,062	11
<i>Other financial assets at fair value</i>		105,915	81,457	30
Financial assets at fair value	22	936,844	776,624	21
Available-for-sale financial assets	23	46,014	48,903	-6
Held-to-maturity investments	24	91	85	7
Assets held for sale	50	841		
Investments in associates	25	1,251	1,274	-2
<i>Intangible assets</i>		17,234	17,171	0
<i>Property and equipment</i>		830	949	-13
<i>Investment properties</i>		9,460	10,804	-12
Tangible and intangible assets	29	27,524	28,924	-5
<i>Current tax assets</i>		8,859	6,702	32
<i>Deferred tax assets</i>		1,637	1,586	3
<i>Trade and client receivables</i>		9,550	5,840	64
<i>Withheld margins of safety</i>		31,698	14,049	126
<i>Other assets</i>		10,397	12,045	-14
Other assets	30	62,141	40,222	54
TOTAL ASSETS		2,641,246	2,484,834	6
Deposits from central banks and credit institutions		115,186	176,191	-35
Deposits and borrowing from the public		943,114	849,475	11
<i>Liabilities to policyholders – investment contracts</i>		259,275	223,494	16
<i>Liabilities to policyholders – insurance contracts</i>		105,079	92,018	14
Liabilities to policyholders	31	364,354	315,512	15
Debt securities		689,863	713,990	-3
<i>Trading liabilities</i>		41,052	75,786	-46
<i>Derivatives held for trading</i>		234,745	132,827	77
<i>Derivatives held for hedging</i>		2,967	3,880	-24
<i>Fair value changes of hedged items in portfolio hedge</i>		1,999	1,452	38
Other financial liabilities at fair value	32	280,763	213,945	31
<i>Current tax liabilities</i>		3,000	1,997	50
<i>Deferred tax liabilities</i>		8,479	8,395	1
<i>Trade and client payables</i>		7,712	13,760	-44
<i>Withheld margins of safety</i>		25,261	16,606	52
<i>Other liabilities</i>		25,805	27,348	-6
Other liabilities	33	70,257	68,106	3
Provisions	34	2,868	1,992	44
Subordinated liabilities	35	40,265	22,809	77
Total liabilities		2,506,670	2,362,020	6
Minority interests		33	33	0
<i>Share capital</i>		21,942	21,942	0
<i>Other reserves</i>		4,166	3,135	33
<i>Retained earnings</i>		89,217	82,933	8
<i>Net profit, attributable to shareholders</i>		19,218	14,771	30
Shareholders' equity		134,543	122,781	10
Total equity		134,576	122,814	10
TOTAL LIABILITIES AND EQUITY		2,641,246	2,484,834	6
Off-balance sheet items				
Collateral and comparable security pledged for own liabilities	37	802,345	689,663	16
Other pledged assets and comparable collateral	37	127,792	111,914	14
Contingent liabilities	37	116,566	103,399	13
Commitments	37	559,575	486,844	15

STATEMENT OF CHANGES IN EQUITY

SEB GROUP

31 December, SEK m	2014	2013	Change, %
Minority interests	33	33	0
Shareholders' equity	134,543	122,781	10
TOTAL EQUITY	134,576	122,814	10

Shareholders' equity

Share capital ¹⁾	21,942	21,942	0
Other restricted reserves	32,603	32,746	0
Equity, restricted	54,545	54,688	0
Eliminations of repurchased shares and swaps	-2,711	-1,933	40
Other reserves	4,166	3,135	33
Other non-restricted equity	59,325	52,120	14
Net profit attributable to equity holders	19,218	14,771	30
Equity, non-restricted	79,998	68,093	17
TOTAL ²⁾	134,543	122,781	10

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

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

Changes in equity

	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			
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	0	20,249
Dividend to shareholders ¹⁾		-8,725					-8,725		-8,725
Equity-based programmes ²⁾		485					485		485
Change in holding of own shares		-247					-247		-247
CLOSING BALANCE	21,942	108,435	1,367	3,877	-1,370	292	134,543	33	134,576

2013

Opening balance	21,942	90,033	273	1,688	-2,422	-2,091	109,423	90	109,513
Net profit		14,771					14,771	7	14,778
Other comprehensive income (net of tax)			1,105	-905	404	5,083	5,687	-1	5,686
Total comprehensive income		14,771	1,105	-905	404	5,083	20,458	6	20,464
Dividend to shareholders ¹⁾		-6,004					-6,004		-6,004
Equity-based programmes ²⁾		-1,127					-1,127		-1,127
Minority interests							0	-63	-63
Change in holding of own shares		31					31		31
CLOSING BALANCE	21,942	97,704	1,378	783	-2,018	2,992	122,781	33	122,814

1) Dividend paid in 2014 for 2013 was per A-share SEK 4.00 (2.75) and per C-share SEK 4.00 (2.75). Proposed dividend for 2014 is SEK 4.75. Further information can be found in the chapter The SEB share on page 26–27. Dividend to shareholders is reported excluding dividend on own shares.

2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. As of 31 December 2012 SEB owned 2.2 million Class A-shares. In 2013 20.0 million shares were sold as stock options were exercised. During 2013, SEB also repurchased 32.2 million Class A-shares for the long-term incentive programmes. As of 31 December 2013 SEB owned 14.4 million Class A-shares. Another 11.2 million shares have been sold as stock options were exercised in 2014. During 2014, SEB also repurchased 2.3 million Class A-shares for the long-term incentive programmes. As of 31 December 2014 SEB owned 5.5 million Class A-shares with a market value of SEK 547m.

CASH FLOW STATEMENT

SEB GROUP

SEK m	2014	2013	Change, %
Interest received	49,492	49,582	0
Interest paid	-29,069	-31,171	-7
Commission received	21,418	19,133	12
Commission paid	-5,112	-4,469	14
Net received from financial transactions	-36,722	9,552	
Other income	3,376	3,162	7
Paid expenses	-19,766	-20,378	-3
Taxes paid	-5,283	-3,567	48
Cash flow from the profit and loss statement	-21,666	21,844	-199
Increase (-)/decrease (+) in portfolios	-40,565	-31,430	29
Increase (+)/decrease (-) in issued short-term securities	-23,588	52,360	
Increase (-)/decrease (+) in lending to credit institutions and central banks	-35,297	-7,334	
Increase (-)/decrease (+) in lending to the public	-57,007	-75,177	-24
Increase (+)/decrease (-) in liabilities to credit institutions	-61,053	5,620	
Increase (+)/decrease (-) in deposits and borrowings from the public	93,740	-12,449	
Increase (-)/decrease (+) in insurance portfolios	10,897	-2,854	
Change in other assets	-31,488	46,496	
Change in other liabilities	17,527	-30,248	
Cash flow from operating activities	-148,500	-33,172	
Sales of shares and bonds	4,808	491	
Sales of intangible and tangible fixed assets	79	16	
Dividends	78	72	8
Investments/divestments in shares and bonds	18	-25	
Investments in intangible and tangible assets	-673	-2,389	-72
Cash flow from investing activities	4,310	-1,835	
Issue of securities and new borrowings	357,336	317,855	12
Repayment of securities	-340,084	-319,693	6
Dividend paid	-8,725	-6,004	45
Cash flow from financing activities	8,527	-7,842	
NET CHANGE IN CASH AND CASH EQUIVALENTS	-135,663	-42,849	
Cash and cash equivalents at beginning of year	213,388	257,292	-17
Exchange rate differences on cash and cash equivalents	28,123	-1,055	
Net increase in cash and cash equivalents	-135,663	-42,849	
CASH AND CASH EQUIVALENTS AT END OF PERIOD¹⁾	105,848	213,388	-50

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

INCOME STATEMENT

In accordance with the Swedish Financial Supervisory Authority regulations

SKANDINAVISKA ENSKILDA BANKEN

SEK m	Note	2014	2013	Change, %
Interest income	3	34,788	35,740	-3
Leasing income	3	5,442	5,567	-2
Interest expense	3	-20,447	-22,435	-9
Dividends	7	3,375	4,848	-30
Fee and commission income	4	11,090	9,815	13
Fee and commission expense	4	-1,855	-1,532	21
Net financial income	5	2,121	3,547	-40
Other income	7	1,714	1,990	-14
Total operating income		36,228	37,540	-3
Administrative expenses	8	-13,909	-14,062	-1
Depreciation, amortisation and impairment of tangible and intangible assets	11	-5,157	-5,024	3
Total operating expenses		-19,066	-19,086	0
Profit before credit losses		17,162	18,454	-7
Net credit losses	13	-1,065	-451	136
Impairment of financial assets		-2,721	-1,691	61
Operating profit		13,376	16,312	-18
Appropriations	14	966	3,432	-72
Income tax expense	15	-2,072	-2,778	-25
Other taxes	15	19	-27	
NET PROFIT		12,289	16,939	-27
Statement of comprehensive income				
Net profit		12,289	16,939	-27
Available-for-sale financial assets		863	859	0
Cash flow hedges		3,095	-903	
Translation of foreign operations		-3	-32	-91
Other comprehensive income (net of tax)	17	3,955	-76	
TOTAL COMPREHENSIVE INCOME		16,244	16,863	-4

BALANCE SHEET

SKANDINAVISKA ENSKILDA BANKEN

31 December, SEK m	Note	2014	2013	Change, %
Cash and cash balances with central banks		59,170	135,309	-56
Loans to credit institutions	19	194,285	183,312	6
Loans to the public	19	1,056,807	1,013,188	4
<i>Securities held for trading</i>		269,447	299,578	-10
<i>Derivatives held for trading</i>		221,150	122,267	81
<i>Derivatives held for hedging</i>		20,899	11,461	82
<i>Other financial assets at fair value</i>		242	125	94
Financial assets at fair value	22	511,738	433,431	18
Available-for-sale financial assets	23	16,042	17,485	-8
Held-to-maturity investments	24	91	85	7
Investments in associates	25	921	1,055	-13
Shares in subsidiaries	26	54,294	52,555	3
<i>Intangible assets</i>		2,531	2,686	-6
<i>Property and equipment</i>		38,940	37,394	4
Tangible and intangible assets	29	41,471	40,080	3
<i>Current tax assets</i>		3,569	2,600	37
<i>Trade and client receivables</i>		9,348	5,552	68
<i>Withheld margins of safety</i>		31,486	13,807	128
<i>Other assets</i>		6,920	5,699	21
Other assets	30	51,323	27,658	86
TOTAL ASSETS		1,986,142	1,904,158	4
Deposits from central banks and credit institutions		144,776	210,237	-31
Deposits and borrowing from the public		706,452	611,234	16
Debt securities		682,519	704,088	-3
<i>Trading liabilities</i>		35,872	71,963	-50
<i>Derivatives held for trading</i>		209,079	126,472	65
<i>Derivatives held for hedging</i>		2,559	3,270	-22
Other financial liabilities at fair value	32	247,510	201,705	23
<i>Current tax liabilities</i>		800	882	-9
<i>Deferred tax liabilities</i>		1,093	220	
<i>Trade and client payables</i>		7,282	13,093	-44
<i>Withheld margins of safety</i>		25,260	16,606	52
<i>Other liabilities</i>		15,521	15,812	-2
Other liabilities	33	49,956	46,613	7
Provisions	34	173	92	88
Subordinated liabilities	35	40,191	22,739	77
Total liabilities		1,871,577	1,796,708	4
Untaxed reserves	36	23,102	23,694	-2
<i>Share capital</i>		21,942	21,942	0
<i>Other reserves</i>		16,614	12,661	31
<i>Retained earnings</i>		40,618	32,214	26
<i>Net profit</i>		12,289	16,939	-27
Total equity		91,463	83,756	9
TOTAL LIABILITIES, UNTAXED RESERVES AND TOTAL EQUITY		1,986,142	1,904,158	4
Off-balance sheet items				
Collateral and comparable security pledged for own liabilities	37	366,518	316,525	16
Other pledged assets and comparable collateral	37	116,228	98,927	17
Contingent liabilities	37	98,966	84,767	17
Commitments	37	382,324	335,048	14

STATEMENT OF CHANGES IN EQUITY

SKANDINAVISKA ENSKILDA BANKEN

31 December, SEK m	2014	2013	Change, %
Share capital ¹⁾	21,942	21,942	0
Other restricted reserves	12,260	12,260	0
Equity, restricted	34,202	34,202	0
Eliminations of repurchased shares and swaps	-2,711	-1,933	40
Other reserves	4,354	401	
Other non-restricted equity	43,329	34,147	27
Net profit for the year	12,289	16,939	-27
Equity, non-restricted²⁾	57,261	49,554	16
TOTAL	91,463	83,756	9

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

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

Changes in equity

	Share capital	Restricted reserves	Retained earnings	Other reserves			Total
				Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	
2014							
Opening balance	21,942	12,260	49,153	-112	781	-268	83,756
Net profit			12,289				12,289
Other comprehensive income (net of tax)				863	3,095	-3	3,955
Total comprehensive income			12,289	863	3,095	-3	16,244
Dividend to shareholders ¹⁾			-8,725				-8,725
Equity-based programmes ²⁾			435				435
Mergers							0
Change in holding of own shares			-247				-247
CLOSING BALANCE	21,942	12,260	52,905	751	3,876	-271	91,463
2013							
Opening balance	21,942	12,260	39,011	-1,140	1,684	-427	73,330
Net profit			16,939				16,939
Other comprehensive income (net of tax)				859	-903	-32	-76
Total comprehensive income			16,939	859	-903	-32	16,863
Dividend to shareholders ¹⁾			-6,004				-6,004
Equity-based programmes ²⁾			-1,182				-1,182
Mergers			358	169		191	718
Change in holding of own shares			31				31
CLOSING BALANCE	21,942	12,260	49,153	-112	781	-268	83,756

1) Dividend paid in 2014 for 2013 was per A-share SEK 4.00 (2.75) and per C-share SEK 4.00 (2.75). Proposed dividend for 2014 is SEK 4.75. Further information can be found in the chapter The SEB share on page 26–27. Dividend to shareholders is reported excluding dividend on own shares.

2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. As of 31 December 2012 SEB owned 2.2 million Class A-shares. In 2013 20.0 million shares were sold as stock options were exercised. During 2013, SEB also repurchased 32.2 million Class A-shares for the long-term incentive programmes. As of 31 December 2013 SEB owned 14.4 million Class A-shares. Another 11.2 million shares have been sold as stock options were exercised in 2014. During 2014, SEB also repurchased 2.3 million Class A-shares for the long-term incentive programmes. As of 31 December 2014 SEB owned 5.5 million Class A-shares with a market value of SEK 547m.

CASH FLOW STATEMENT

SKANDINAVISKA ENSKILDA BANKEN

SEK m	2014	2013	Change, %
Interest received	37,623	35,832	5
Interest paid	-21,027	-22,813	-8
Commission received	12,137	10,329	18
Commission paid	-2,929	-2,056	42
Net received from financial transactions	-35,840	8,144	
Other income	-1,302	-213	
Paid expenses	-13,223	-13,001	2
Taxes paid	-2,893	-1,299	123
Cash flow from the profit and loss statement	-27,454	14,923	
Increase (-)/decrease (+) in trading portfolios	-8,543	-26,374	-68
Increase (+)/decrease (-) in issued short-term securities	-21,052	62,646	
Increase (-)/decrease (+) in lending to credit institutions	-54,637	-3,038	
Increase (-)/decrease (+) in lending to the public	-47,970	-79,283	-39
Increase (+)/decrease (-) in liabilities to credit institutions	-65,519	10,627	
Increase (+)/decrease (-) in deposits and borrowings from the public	95,302	-26,272	
Change in other assets	-32,949	47,776	
Change in other liabilities	7,518	-38,473	
Cash flow from operating activities	-155,304	-37,468	
Dividends	3,376	4,848	-30
Investments in subsidiaries/Merger of subsidiaries		-3,626	-100
Investments/divestments in shares and bonds	1,480	2,603	-43
Investments in intangible and tangible assets	-1,929	-2,123	-9
Cash flow from investment activities	2,927	1,702	72
Issue of securities and new borrowings	353,965	305,642	16
Repayment of securities	-336,718	-307,482	10
Dividend paid	-8,725	-6,004	45
Cash flow from financing activities	8,522	-7,844	
NET CHANGE IN CASH AND CASH EQUIVALENTS	-143,855	-43,610	
Cash and cash equivalents at beginning of year	178,469	222,457	-20
Exchange rate differences on cash and cash equivalents	26,131	-378	
Net increase in cash and cash equivalents	-143,855	-43,610	
CASH AND CASH EQUIVALENTS AT END OF PERIOD ¹⁾	60,745	178,469	-66

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

NOTES TO THE FINANCIAL STATEMENTS

SEK m, unless otherwise stated.

CORPORATE INFORMATION

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

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

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

The consolidated accounts for the financial year 2014 were approved for publication by the Board of Directors on 17 February and will be presented for adoption at the 2015 Annual General Meeting.

Exchange rates used for converting main currencies in the Group Consolidation

	Profit and loss account			Balance sheet		
	2014	2013	Change, %	2014	2013	Change, %
DKK	1.220	1.160	5	1.270	1.192	7
EUR	9.096	8.651	5	9.458	8.895	6
NOK	1.089	1.109	-2	1.044	1.058	-1
LTL	2.635	2.506	5	2.740	2.575	6
USD	6.857	6.514	5	7.769	6.445	21

1 ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

The consolidated accounts are based on amortised cost, except for the fair value measurement of available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss including derivatives and investment properties measured at fair value. The financial statements are presented in Swedish kronor (SEK), which is the presentation currency of the Group.

CONSOLIDATION

Subsidiaries

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

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

When voting rights are not relevant in deciding who has power over an entity, such as interests in some funds or special purpose entities (SPE), all facts and circumstances are considered in determining who controls the entity. In the assessment whether to consolidate SPEs and any entities where there is not immediately clear where control rests, an analysis is made to identify which party has power over the activities which most affects the returns of the entity and if that party is significantly exposed or have significant rights to the returns from that entity. In the assessment whether to consolidate funds an assessment is made whether the Group is considered to be an agent or a principal. The Group is considered a principal and hence, controls the fund, when it is the fund manager, cannot be removed without cause, has significant right to returns from the fund by holding units and earning fee income and has the practical ability to influence its return by using its power.

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

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

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on acquisition date, irrespective of any minority interest. The excess of the consideration transferred for the acquisition over the fair value of the Group's share of the identifiable acquired net assets is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly against profit or loss.

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

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

Associated companies

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

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

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

SEGMENT REPORTING

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

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. On subsequent balance sheet dates monetary items in foreign currency are translated using the closing rate. Non-monetary items, which are measured in

terms of historical cost in foreign currency, are translated using the exchange rate on the date of the transaction. Non-monetary items, which are measured at fair value in a foreign currency, are translated applying the exchange rate on the date on which the fair value is determined.

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

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

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

Trade date accounting is applied to financial assets classified in the categories financial assets at fair value through profit or loss and available-for-sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

Financial assets at fair value through profit and loss

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or deter-

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

Reclassification

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

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

Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

Other financial liabilities

The category other financial liabilities primarily include the Group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and Debt securities are included in this category.

Offsetting financial transactions

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

Fair value measurement

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

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances are used.

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

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

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

Embedded derivatives

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

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

Hedge accounting

Derivatives are used to hedge interest rate, exchange rate and equity exposures. Where derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged. The Group documents and designates at inception the relationship between the hedged item and the hedging instrument as well as the risk objective and hedge strategy.

The Group also documents its assessment both at inception and on an ongoing basis whether prospectively the derivatives used are expected to be, and are highly effective when assessed retrospectively, in offsetting changes in fair values or cash flows of the hedged item. As part of the prospective test the Group also assesses and documents that the likelihood of forecasted transactions to take place is highly probable. *More information regarding hedge accounting can be found in note 7 addressing Net other income.*

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

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

The Group discontinues hedge accounting when:

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

Fair value hedge

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

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

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

Cash flow hedge

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

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

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

Net investment hedge

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

When a foreign operation is partially disposed of or sold, exchange differences accumulated in equity are recognised in the income statement as part of the gain or loss on the sale.

INTEREST INCOME AND INTEREST EXPENSE

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

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

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

COMMISSIONS AND FEES

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

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

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

DIVIDEND INCOME

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

REPURCHASE AGREEMENTS

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

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

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

SECURITIES BORROWING AND LENDING

Securities borrowing and lending transactions are entered into on a collateralised basis. Fair values of securities received or delivered are monitored on a

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Assessment of impairment

Individual assessment of impairment

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

Collective assessment of impairment

when assets are not individually impaired

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

Loans assessed on a portfolio basis

Loans with limited value and similar risk, homogenous groups, are assessed for impairment on a portfolio basis. In assessing collective impairment the Group uses statistical models based on the probability of default and the amount of loss incurred, considering collaterals and recovery rates. The outcome is adjusted for management's judgement as to whether current economic and cred-

it conditions are such that the actual losses are likely to be greater or less than suggested by the models. Default rates and loss rates are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Recognition of impairment loss on assets carried at amortised cost

An impairment of an individually assessed financial asset in the category loans and receivables or in the category held-to-maturity investments carried at amortised cost is calculated on the basis of the original effective interest rate of the financial instrument. The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (recoverable amount). If the terms of an asset are restructured or otherwise modified due to financial difficulties on behalf of the borrower or issuer, impairment is measured using the original effective interest rate before modification of the terms and conditions. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial. The entire outstanding amount of each loan for which a specific provision has been established is included in impaired loans, i.e. including the portion covered by collateral.

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

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

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

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

Restructured loans

Restructured loans would have been considered past due or impaired if they were not restructured. After restructuring the loan it is normally not regarded as impaired.

SEIZED ASSETS

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

TANGIBLE ASSETS

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

tangible fixed assets is between 3 and 8 years.

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

Leasing

Leasing contracts are classified as finance or operating leases.

A finance lease is a lease that transfers, from the lessor to the lessee, substantially all risks and rewards incidental to the ownership of an asset. Operational leasing contracts are those leases which are not regarded as finance leases. In the Group, essentially all leasing contracts in which the Group is the lessor are classified as finance leases. Finance leases are reported as lending, which implies that the leasing income is reported within net interest income.

INVESTMENT PROPERTIES

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

INTANGIBLE ASSETS

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

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

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

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

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

PROVISIONS

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

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

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

FINANCIAL GUARANTEES

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

EMPLOYEE BENEFITS

Pensions

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

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

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

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

Share-based payments

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

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

TAXES

The Group's tax for the period consists of current and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the

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

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

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

INSURANCE AND INVESTMENT CONTRACTS

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

Insurance contracts

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

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

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

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

Measurement of long-term insurance contracts (life)

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

Liability adequacy test

Swedish actuarial procedures involve performing liability adequacy tests on insurance liabilities. This is to ensure that the carrying amount of the liabilities is sufficient in the light of estimated future cash flows. The carrying amount of a liability is the value of the liability itself less any related intangible asset or asset for deferred acquisition costs. In performing these tests the current best

estimates of future contractual cash flows, as well as claims handling and administration costs, are used in performing these liability adequacy tests. These cash flows are discounted and compared to the carrying amount of the liability. Any deficit is immediately reported in profit or loss.

Revenue recognition

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

Recognition of expenses

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

Reinsurance

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

Investment contracts

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

Measurement

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

Revenue recognition

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

Recognition of expenses

Variable expenses directly attributable to securing a new investment contract are deferred. These costs are primarily variable acquisition costs paid to sales

personnel, brokers and other distribution channels. Deferred acquisition costs are reported in profit or loss as the related revenue is recognised. The asset is tested for impairment during each accounting period to ensure that the future economic benefits expected to arise from the contract exceed the carrying amount of the asset. All other costs, such as fixed acquisition costs or ongoing administration costs, are recognised in the accounting period in which they arise.

CONTRACTS WITH DISCRETIONARY PARTICIPATION FEATURES (DPF)

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

CHANGES IN IFRS IMPLEMENTED 2014

The following changes have been made 2014:

Several standards have been issued and changed regarding consolidation: *IFRS 10 Consolidated Financial Statements*, *IFRS 11 Joint Arrangements*, *IFRS 12 Disclosures of Interests in Other Entities*, *IAS 27 Separate Financial Statements*, *IAS 28 Investments in Associates and Joint Ventures* and an amendment of *IFRS 10*, *IFRS 12* and *IAS 27 Investment entities*. SEB has applied the new and changed standards from 1 January 2014. These changes have not had a significant impact on the financial reports of the Group or on capital adequacy and large exposures. The criteria for when a company has control over another company in IFRS 10 may imply consolidation of some funds if facts change. Additional consolidated entities will impact the financial statements of the Group, mainly as an increase of total assets and liabilities in the balance sheet. The disclosures related to consolidation in general and particularly regarding interests in structured entities that are not consolidated have increased due to the new requirements.

IAS 32 Financial Instruments: Presentation – The requirements for when financial assets and liabilities can be offset have been clarified. The change has been applied from 1 January 2014 and has not had any impact on the financial statements of the Group or on capital adequacy and large exposures.

IAS 39 Financial Instruments: Recognition and measurement – An amendment of IAS 39 regulates novation of derivatives and continuation of hedge accounting. New regulations that require some derivatives to be transacted with a clearing counterpart, CCP, imply novation (replacing one party of the derivative contract with a new party, in this case the CCP) of existing derivative contracts. The amendment of IAS 39 makes it possible to continue hedge accounting when a hedge derivative is novated. The amendment has been applied from 1 January 2014 and has not had an impact on the financial statements of the Group or on capital adequacy and large exposures.

IAS 36 Impairment of Assets – The disclosure requirements in IAS 36 have been amended with regard to the measurement of the recoverable amount for non-financial assets. The amendment has been applied from 1 January 2014 and has not had a material impact on the financial statements of the Group or on capital adequacy and large exposures.

FUTURE ACCOUNTING DEVELOPMENTS

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

IFRS 9 Financial Instruments – IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and was issued 2014. The standard includes requirements for recognition, classification and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is mandatorily effective from 1 January 2018, with early adoption permitted. The standard has not been approved by the EU. New rules on the classification and measurement of financial assets reduce the number of valuation categories and instead focus on the bank's business model with respect to how its financial

assets are used and whether contractual cash flows represent only nominal amounts and interest. Requirements for financial liabilities remain largely unchanged from IAS 39. IFRS 9 also introduces an expected credit loss model with a three-stage approach based on whether significant changes in credit risk have occurred. For general hedge accounting, IFRS 9 introduces a model based on the risk management activities. The impact on the Group's financial reports is being assessed by the Group and it is not practicable to provide a reasonable estimate of the effects of IFRS 9 until a detailed review is performed. However, our assessment is that the new requirements on expected credit loss, rather than incurred loss, may increase loan loss provisions, decrease equity and have a negative impact on capital adequacy at transition.

IFRS 15 Revenue from contracts with customers – IASB has published IFRS 15 as a single source of revenue requirements for all entities in all industries. IFRS 15 replaces all present revenue standards and interpretations in IFRS including IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations. The standard introduces a five-step revenue recognition model. IFRS 15 should be applied from 1 January 2017, early adoption is permitted. SEB is currently evaluating the nature and impact of the change to the financial statements of the Group. IFRS 15 is not endorsed by the EU.

IFRIC 21 Levies – The interpretation clarifies when to recognise a liability to pay a levy imposed by governments. The interpretation should according to IASB be applied from 1 January 2014. In EU, the interpretation should be applied, at the latest, as from the commencement date of its first financial year starting on or after 17 June 2014. SEB will apply the interpretation from 1 January 2015. The impact from the interpretation on the financial statements of the Group or on capital adequacy and large exposures will not be material.

IAS 19 Employee Benefits – IAS 19 has been amended regarding employee contributions in defined benefit plans. The amendment is applicable on annual periods beginning on or after 1 July 2014 and is not expected to have an impact on the financial statements of the Group or on capital adequacy and large exposures.

IFRS 10 Consolidated Financial Statements and *IAS 28 Investments in associates and Joint Ventures* have been amended regarding sale or contribution of assets between an investor and its associate or joint venture. These standards together with *IFRS 12 Disclosure of Interests in Other Entities* have been amended with clarifications to the accounting for interests in investment entities and applying the consolidation exemption. *IAS 27 Separate Financial Statements* have been amended regarding the equity method in separate financial statements. *IFRS 11 Joint Arrangements* have been amended regarding accounting for Acquisitions of Interests in Joint Operations. *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* have been clarified regarding acceptable methods of depreciation and amortisation. *IAS 1 Presentation of Financial Statements* has been amended with clarifications. The amendments, among other things, clarify materiality and disclosure requirements. These amendments should be applied from 1 January 2016 and are not endorsed by EU. The amendments will not have a material effect on the financial statements of the Group or on capital adequacy and large exposures.

Annual Improvements 2010–2012, 2011–2013 and 2012–2014 Cycle – Annual Improvements are narrow scope amendments to several standards. The improvements should according to IFRS be applied on annual periods beginning on or after 1 July 2014 (2010–2012 and 2011–2013 cycle) and from 1 January 2016 (2012–2014 cycle) respectively. Endorsement for application in EU was made 2014 for improvements (2011–2013 cycle) and is expected to be made for the remaining ones during 2015. SEB's assessment is that the improvements will not have a material effect on the financial statements of the Group or on capital adequacy and large exposures.

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

Skandinaviska Enskilda Banken (SEB) AB is a public limited company with registered office in Stockholm, Sweden.

The financial statements of SEB AB are prepared in accordance with the

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

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

PRESENTATION FORMAT

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

HOLDINGS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

LEASING

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

PENSIONS

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

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

INTANGIBLE ASSETS

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

TAXES

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

GROUP CONTRIBUTIONS

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

CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

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

CONSOLIDATION OF MUTUAL LIFE INSURANCE COMPANIES AND UNIT-LINKED FUNDS

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

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

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

Measurement Committee) and the ASC (Accounting Standards Committee).

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

IMPAIRMENT TESTING OF FINANCIAL ASSETS AND GOODWILL

Financial assets

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

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

Goodwill

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

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

CALCULATION OF INSURANCE LIABILITIES

Calculation of the Group's insurance liabilities is based on a number of estimations and assumptions, both financial and actuarial, such as interest rates, mortality, health, expenses, inflation and taxes. One of the important financial assumptions is the interest rate used for discounting future cash flows.

Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

FAIR VALUE OF INVESTMENT PROPERTY

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

VALUATION OF DEFERRED TAX ASSETS

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

PROVISIONS

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

ACTUARIAL CALCULATIONS OF DEFINED BENEFIT PLANS

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

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

2 OPERATING SEGMENTS

Group business segments

Income statement, 2014	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other ¹⁾	Eliminations	Total
Interest income	24,236	12,845	1,175		2,872	39,387	-31,891	48,624
Interest expense	-15,921	-4,704	-490	-46	-669	-38,721	31,870	-28,681
Net interest income	8,315	8,141	685	-46	2,203	666	-21	19,943
Fee and commission income	8,352	6,290	7,414		1,543	134	-2,315	21,418
Fee and commission expense	-2,183	-2,058	-3,530		-478	-138	3,275	-5,112
Net fee and commission income	6,169	4,232	3,884		1,065	-4	960	16,306
Net financial income	2,817	318	152		295	-661		2,921
Net life insurance income				4,833			-1,488	3,345
Net other income	808	121	193		-32	3,351	-20	4,421
Total operating income	18,109	12,812	4,914	4,787	3,531	3,352	-569	46,936
of which internally generated	-1,716	6,068	-1,864	1,614	-140	-3,393	-569	
Staff costs	-3,654	-2,701	-1,216	-1,225	-704	-4,312	52	-13,760
Other expenses	-4,624	-2,943	-1,382	-508	-965	3,595	517	-6,310
Depreciation, amortisation and impairment of tangible and intangible assets	-126	-63	-39	-988	-93	-764		-2,073
Total operating expenses	-8,404	-5,707	-2,637	-2,721	-1,762	-1,481	569	-22,143
Gains less losses on disposals of tangible and intangible assets	-13				-107	-1		-121
Net credit losses	-604	-483	-19		-217	-1		-1,324
OPERATING PROFIT	9,088	6,622	2,258	2,066	1,445	1,869		23,348
Business equity, SEK bn	52.3	24.6	8.6	8.2	8.9			
Return on business equity, %	13.4	20.7	20.3	21.9	14.5			
Risk exposure amount, SEK bn	383	92	23		70			
Lending to the public ²⁾ , SEK bn	500	606	41		105	6		1,258
Deposits from the public ²⁾ , SEK bn	395	241	77		92	132		937

2013

Interest income	25,283	14,118	1,389		2,759	50,412	-44,238	49,723
Interest expense	-17,927	-6,389	-714	-55	-767	-49,270	44,226	-30,896
Net interest income	7,356	7,729	675	-55	1,992	1,142	-12	18,827
Fee and commission income	6,882	6,186	6,500		1,411	5	-1,851	19,133
Fee and commission expense	-1,384	-2,141	-3,168		-427	-70	2,721	-4,469
Net fee and commission income	5,498	4,045	3,332		984	-65	870	14,664
Net financial income	3,601	384	154		449	-536		4,052
Net life insurance income				4,645		7	-1,397	3,255
Net other income	274	85	71		-32	394	-37	755
Total operating income	16,729	12,243	4,232	4,590	3,393	942	-576	41,553
of which internally generated	-1,909	5,955	-1,667	1,505	-273	-3,035	-576	
Staff costs	-3,703	-2,903	-1,214	-1,186	-650	-4,422	49	-14,029
Other expenses	-4,456	-3,034	-1,351	-577	-992	3,584	527	-6,299
Depreciation, amortisation and impairment of tangible and intangible assets	-148	-63	-42	-935	-106	-665		-1,959
Total operating expenses	-8,307	-6,000	-2,607	-2,698	-1,748	-1,503	576	-22,287
Gains less losses on disposals of tangible and intangible assets	-18	1			40	-7		16
Net credit losses	-233	-501	-15		-405	-1		-1,155
OPERATING PROFIT	8,171	5,743	1,610	1,892	1,280	-569		18,127
Business equity, SEK bn	48.8	20.2	8.3	8.2	8.8			
Return on business equity, %	12.9	21.9	14.9	20.0	12.9			
Risk exposure amount, SEK bn	332	107	24		76			
Lending to the public ²⁾ , SEK bn	459	586	37		101	9		1,192
Deposits from the public ²⁾ , SEK bn	369	227	51		77	114		838

1) Profit and loss from associated companies accounted for under the equity method are recognised in Net other income at an amount of SEK 23m (17). The aggregated investments are SEK 202m (173).

2) Excluding repos and debt instruments.

Balance sheet, 2014

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

2013

Assets	1,256,012	607,221	87,795	348,929	132,204	1,233,528	-1,180,855	2,484,834
Liabilities	1,204,890	579,445	78,410	338,999	123,025	1,218,106	-1,180,855	2,362,020
Investments	253	29	40	1,034	809	396		2,561

Note 2 ctd. Operating segments

Group by geography

	2014					2013				
	Gross Income ¹⁾	Operating profit ²⁾	Income tax expense ³⁾	Assets	Investments	Gross Income ¹⁾	Operating profit ²⁾	Income tax expense ³⁾	Assets	Investments
Sweden	55,385	12,934	-2,096	2,072,406	1,271	53,045	10,002	-1,762	1,815,056	1,105
Norway	6,700	2,733	-574	144,345	53	6,004	1,973	-508	118,578	16
Denmark	4,143	1,711	-360	401,278	133	4,139	1,743	-391	331,073	130
Finland	3,079	1,100	-232	53,114	150	2,817	1,024	9	46,679	8
Estonia	1,502	687		44,986	74	1,394	639		36,309	36
Latvia	1,236	212	-33	34,005	110	1,313	228	-45	38,636	132
Lithuania	2,279	772	-200	63,984	244	2,125	543	-73	61,457	658
Germany ⁴⁾	7,181	1,568	-258	271,780	24	6,944	1,030	-315	276,417	76
Other countries	7,238	1,631	-376	371,590	332	6,299	945	-253	456,268	400
Group eliminations	-8,014			-816,242		-7,162			-695,639	
TOTAL	80,729	23,348	-4,129	2,641,246	2,391	76,918	18,127	-3,338	2,484,834	2,561

1) Gross income in the Group is defined as the sum of Interest income, Fee and commission income, Net financial income, Net life insurance income and Net other income according to IFRS. The basis for the income allocation is SEB's presence in each country. With the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.

2) Before tax.

3) Income tax expense for Other countries includes Great Britain SEK -107m, United States SEK -103m and Luxembourg SEK -96m. Operating profit 2014 for the respective country was SEK 480m, SEK 184m and SEK 431m. For more information about tax see note 15, 30 and 33.

4) Excluding treasury operations.

Parent company business segments

2014	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	Total
Gross income ¹⁾	29,130	14,746	5,496	157	25	42,239	-33,263	58,530
Assets	1,286,200	587,214	72,599	81	2,318	1,875,249	-1,837,519	1,986,142
Investments	231	6				267		504
2013								
Gross income ¹⁾	29,819	15,886	4,989	142	27	56,330	-45,686	61,507
Assets	1,083,505	567,837	47,571	87	2,326	1,993,402	-1,790,570	1,904,158
Investments	188	29	5			198		420

Parent company by geography

	2014			2013		
	Gross Income ¹⁾	Assets	Investments	Gross Income ¹⁾	Assets	Investments
Sweden	48,289	1,645,218	485	51,493	1,487,371	376
Norway	3,386	93,410	2	3,379	92,842	16
Denmark	2,121	135,310	1	2,165	133,159	2
Finland	1,322	13,689	8	1,274	18,258	7
Other countries	3,412	98,515	8	3,196	172,528	19
TOTAL	58,530	1,986,142	504	61,507	1,904,158	420

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

Business segment

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

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

Transfer pricing

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

Gross income by product for external customers

	Group		Parent company	
	2014	2013	2014	2013
Core banking	47,201	49,366	32,124	37,507
Capital market	17,760	11,304	12,492	9,750
Asset management	7,984	7,225	2,517	3,859
Life insurance and pension	3,345	3,255		
Other	4,439	5,768	11,397	10,204
TOTAL	80,729	76,918	58,530	61,320

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

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

3 NET INTEREST INCOME

2014	Group			Parent company		
	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	355,741	3,149	0.89%	417,332	1,984	0.48%
Loans to the public	1,335,160	35,727	2.68%	990,042	24,166	2.44%
Interest earning securities ¹⁾	289,943	4,565	1.57%	247,896	3,611	1.46%
Total interest earnings assets	1,980,844	43,441	2.19%	1,655,270	29,761	1.80%
Derivatives and other assets	735,636	5,183		480,139	5,027	
Total assets	2,716,480	48,624		2,135,409	34,788	
Deposits from credit institutions	192,095	-2,540	-1.32%	258,462	-1,375	-0.53%
Deposits and borrowing from the public	966,529	-9,452	-0.98%	731,329	-3,339	-0.46%
Debt securities ²⁾	780,108	-12,966	-1.66%	705,206	-12,296	-1.74%
Subordinated liabilities	28,611	-1,553	-5.43%	28,003	-1,550	-5.54%
Total interest bearing liabilities	1,967,343	-26,511	-1.35%	1,723,000	-18,560	-1.08%
Derivatives and other liabilities	623,046	-2,170		328,195	-1,887	
Equity	126,091			84,214		
Total liabilities and equity	2,716,480	-28,681		2,135,409	-20,447	
Net interest income		19,943			14,341	
Net yield on interest earning assets			1.01%			0.87%
1) of which, measured at fair value		3,891			3,530	
2) of which, measured at fair value		-912			-412	

2013

Loans to credit institutions and central banks	346,906	2,674	0.77%	396,233	1,828	0.46%
Loans to the public	1,249,571	37,636	3.01%	887,265	25,685	2.89%
Interest earning securities ¹⁾	282,025	4,710	1.67%	233,102	3,910	1.68%
Total interest earnings assets	1,878,502	45,020	2.40%	1,516,600	31,423	2.07%
Derivatives and other assets	679,469	4,703		530,231	4,317	
Total assets	2,557,971	49,723		2,046,831	35,740	
Deposits from credit institutions	210,838	-2,328	-1.10%	332,633	-1,479	-0.44%
Deposits and borrowing from the public	888,839	-11,222	-1.26%	651,092	-4,830	-0.74%
Debt securities ²⁾	739,013	-12,919	-1.75%	648,111	-12,482	-1.93%
Subordinated liabilities	23,061	-1,485	-6.44%	23,805	-1,482	-6.23%
Total interest bearing liabilities	1,861,751	-27,954	-1.50%	1,655,641	-20,273	-1.22%
Derivatives and other liabilities	583,500	-2,942		316,046	-2,162	
Equity	112,720			75,144		
Total liabilities and equity	2,557,971	-30,896		2,046,831	-22,435	
Net interest income		18,827			13,305	
Net yield on interest earning assets			1.00%			0.88%
1) of which, measured at fair value		4,180			3,837	
2) of which, measured at fair value		-427			-394	

In the table above Loans and Deposits are presented excluding debt securities. This is different from the Income statement and Balance sheet in which the classification is done based on accounting category.

Net interest income

	Parent company	
	2014	2013
Interest income	34,788	35,740
Income from leases ¹⁾	5,442	5,567
Interest expense	-20,447	-22,435
Depreciation of leased equipment ¹⁾	-4,413	-4,390
TOTAL	15,370	14,482

1) In the Group Net income from leases is classified as interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

4 NET FEE AND COMMISSION INCOME

	Group		Parent company	
	2014	2013	2014	2013
Issue of securities	658	316	1,177	917
Secondary market	2,058	1,620	834	634
Custody and mutual funds	7,573	6,825	3,505	2,962
Securities commissions	10,289	8,761	5,516	4,513
Payments	1,626	1,537	1,208	1,155
Card fees	4,421	4,357	231	192
Payment commissions	6,047	5,894	1,439	1,347
Advisory	342	400	320	354
Lending	2,785	2,531	2,333	2,174
Deposits	150	143	64	66
Guarantees	505	477	344	325
Derivatives	381	381	377	385
Other	919	546	697	651
Other commissions	5,082	4,478	4,135	3,955
Fee and commission income	21,418	19,133	11,090	9,815
Securities commissions	-1,744	-1,038	-415	-356
Payment commissions	-2,631	-2,506	-519	-478
Other commissions	-737	-925	-921	-698
Fee and commission expense	-5,112	-4,469	-1,855	-1,532
Securities commissions, net	8,545	7,723	5,101	4,157
Payment commissions, net	3,416	3,388	920	869
Other commissions, net	4,345	3,553	3,214	3,257
TOTAL	16,306	14,664	9,235	8,283

5 NET FINANCIAL INCOME

	Group		Parent company	
	2014	2013	2014	2013
Gains (losses) on financial assets and liabilities held for trading, net	4,845	4,570	3,874	3,886
Gains (losses) on financial assets and liabilities designated at fair value, net	-1,924	-518	-1,753	-339
TOTAL	2,921	4,052	2,121	3,547

Gains (losses) on financial assets and liabilities held for trading, net

Equity instruments and related derivatives	1,999	1,235	1,822	832
Debt instruments and related derivatives	-436	501	-368	373
Currency related	3,091	2,800	2,577	2,681
Other financial instruments	191	34	-157	
TOTAL	4,845	4,570	3,874	3,886

Gains (losses) on financial assets and liabilities held for trading is presented on different rows based on type of underlying financial instrument. Changes in the treasury result are due to changes in interest rates and spreads. The net effect from trading operations is fairly stable over time, but shows volatility between lines. There was positive effects from structured products offered to the

public in the amounts of approximately SEK 1,350m (1,540) in equity related derivatives and credit related derivatives (within Other financial instruments) SEK 485m (715) and a corresponding negative effect in Debt instruments of SEK 1,880m (1,830).

Gains (losses) on financial assets and liabilities designated at fair value, net

Debt instruments and related derivatives	-1,924	-509	-1,753	-339
Currency related		-9		
TOTAL	-1,924	-518	-1,753	-339

Valuation changes arising from counterparty risk and own credit standing

Derivatives – counterparty risk	-62	318	-194	253
Derivatives – own credit standing	-205	398	-74	340
Issued securities designated at fair value through profit or loss – own credit standing	-35	-551	-24	-445
TOTAL	-302	165	-292	148

In 2013 SEB implemented valuation adjustments for own credit standing in the fair value measurement of derivatives and liabilities at fair value designated through profit or loss. The change was implemented prospectively. Together

with the effect from valuation adjustments for counterparty risk in derivatives, this had a net effect of SEK -302m (165) on Net financial income.

6 NET LIFE INSURANCE INCOME

	Group	
	2014	2013
Premium income, net	7,628	6,259
Income investment contracts	1,494	1,458
Investment income net	9,636	3,099
Other insurance income	460	375
Net insurance expenses	-15,873	-7,936
TOTAL	3,345	3,255
Investment income, net		
Direct yield ¹⁾	5,009	3,152
Change in value on investments at fair value, net	4,294	991
Foreign exchange gain/loss, net	1,773	-543
	11,076	3,600
Expenses for asset management services	-148	-72
Policyholders tax	-1,292	-429
TOTAL	9,636	3,099

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

Claims paid, net	-8,510	-8,722
Change in insurance contract provisions	-7,363	786
TOTAL	-15,873	-7,936

7 NET OTHER INCOME

	Group		Parent company	
	2014	2013	2014	2013
Dividends	78	72	3,375	4,848
Investments in associates	23	17		
Gains less losses from investment securities	2,882	352	765	1,076
Gains less losses from tangible assets ¹⁾			38	33
Gains less losses from divestment of shares in subsidiaries ²⁾	1,661			
Other income	-223	314	911	881
TOTAL	4,421	755	1,714	1,990

1) See note 12 for the Group.

2) Sale of Euroline AB.

Dividends

Available-for-sale investments	78	72	55	59
Investments in associates			16	10
Dividends from subsidiaries			3,304	4,779
TOTAL	78	72	3,375	4,848

Gains less losses from investment securities

Available for sale financial assets – Equity instruments ¹⁾	2,266	320	771	1,081
Available-for-sale financial assets – Debt instruments	899	148		
Loans		23	-6	-5
Gains	3,165	491	765	1,076
Available-for-sale financial assets – Equity instruments	-174	-59		
Available-for-sale financial assets – Debt instruments	-67	-71		
Loans	-42	-9		
Losses	-283	-139		
TOTAL	2,882	352	765	1,076

1) Including divestment of shares in Mastercard Inc. SEK 1,321m.

Note 7 ctd. Net other income

	Group		Parent company	
	2014	2013	2014	2013
Other income				
Fair value adjustment in hedge accounting	-455	213	-646	99
Operating result from non-life insurance, run off	70	77		
Other income	162	24	1,557	782
TOTAL	-223	314	911	881

Fair value adjustment in hedge accounting

Fair value changes of the hedged items attributable to the hedged risk	-18	78	-5,691	5,054
Fair value changes of the hedging derivatives	-583	89	5,036	-4,952
Fair value hedges	-601	167	-655	102
Fair value changes of the hedging derivatives	9	38	9	-3
Cash-flow hedges – ineffectiveness	9	38	9	-3
Fair value changes of the hedged items	-653	-76		
Fair value changes of the hedging derivatives	790	84		
Fair value portfolio hedge of interest rate risk – ineffectiveness	137	8		
TOTAL	-455	213	-646	99

Fair value hedges and portfolio hedges

The Group hedges a proportion of its existing interest rate risk in financial assets, payments and financial liabilities with fixed interest rates against changes in fair value due to changes in the interest rates. For this purpose the Group uses interest rate swaps, cross-currency interest rate swaps and in some situations also options. The hedges are done either item by item or grouped by maturity.

Cash flow hedges

The Group uses interest rate swaps to hedge future cash flows from deposits and lending with floating interest rates. Interest flows from deposits and lending

with floating interest rates are expected to be amortised to profit or loss during the period 2015 to 2037.

Net investment hedges

The Group hedges the currency translation risk of net investments in foreign operations through currency borrowings and currency forwards. Borrowing in foreign currency at an amount of SEK 40,238m (38,510) and currency forwards at an amount of SEK 2,884m (2,205) were designated as hedges of net investments in foreign operations. Ineffectiveness in the hedges has been recognised with SEK -10m (-3) reported in Net financial income (note 5).

8 ADMINISTRATIVE EXPENSES

	Group		Parent company	
	2014	2013	2014	2013
Staff costs	-13,760	-14,029	-9,174	-9,325
Other expenses	-6,310	-6,299	-4,735	-4,737
TOTAL	-20,070	-20,328	-13,909	-14,062

9 STAFF COSTS

	Group		Parent company	
	2014	2013	2014	2013
Base salary	-8,278	-7,993	-5,451	-5,248
Cash-based variable compensation	-780	-761	-586	-640
Long-term equity-based compensation	-373	-330	-296	-237
Salaries and other compensations	-9,431	-9,084	-6,333	-6,125
Social charges	-2,571	-2,666	-1,881	-1,976
Defined benefit retirement plans ¹⁾	-261	-409		
Defined contribution retirement plans ¹⁾	-753	-1,041	-541	-760
Benefits and redundancies ²⁾	-234	-359	-75	-169
Education and other staff related costs	-510	-470	-344	-295
TOTAL	-13,760	-14,029	-9,174	-9,325

1) Pension costs in the Group are accounted for according to amended IAS 19, Employee benefits. Pension costs in Skandinaviska Enskilda Banken are been calculated in accordance with the directives of the Swedish Financial Supervisory Authority, implying an actuarial calculation of imputed pension costs. Non-recurring costs of SEK 168m (152) for early retirement have been charged to the pension funds of the Bank.

2) Includes costs for redundancies with SEK 138m (267) for the Group and SEK 42m (132) for the parent company.

9a REMUNERATION

Presented in note 9a is the statement of remuneration for the Financial group of undertakings and significant units within the Group according to Regulation on prudential requirements for credit institutions and investment firms. In the

SEB Group 1,201 (973) positions are defined as Identified Staff. SEB has chosen to include the remuneration also in the insurance operations that is not part of the Financial group of undertakings but part of the SEB Group.

Remuneration by division

2014	Group				Parent company			
	Fixed ¹⁾		Variable ¹⁾		Fixed ¹⁾		Variable ¹⁾	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	-2,450	2,212	-555	1,938	-1,814	1,690	-513	1,445
Retail Banking	-1,930	3,370	-110	3,370	-1,278	2,711	-87	2,711
Wealth Management	-825	882	-141	810	-410	481	-94	440
Life	-915	1,309	-35	1,276				
Baltic	-489	2,783	-35	2,770				
Other ²⁾	-2,917	5,158	-277	4,711	-2,565	3,818	-188	3,614
TOTAL	-9,526	15,714	-1,153	14,875	-6,067	8,700	-882	8,210
whereof collective variable pay ³⁾			-466	14,875				

2013

Merchant Banking	-2,424	2,245	-628	2,170	-1,708	1,699	-575	1,629
Retail Banking	-2,125	3,452	-91	3,452	-1,309	2,763	-73	2,763
Wealth Management	-842	891	-141	869	-356	471	-89	449
Life	-867	1,343	-44	1,323				
Baltic	-456	2,799	-27	2,799				
Other ²⁾	-3,088	5,121	-160	5,032	-2,797	3,771	-140	3,682
TOTAL	-9,802	15,851	-1,091	15,645	-6,170	8,704	-877	8,523
whereof collective variable pay ³⁾			-310	15,645				

2014	SEBAG, Germany				SEB Pank AS, Estonia			
	Fixed		Variable		Fixed		Variable	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	-412	398	-36	366				
Wealth Management	-124	125	-16	111				
Baltic					-141	780	-11	774
Other	-291	297	-9	265	-70	301	-6	285
TOTAL	-827	820	-61	742	-211	1,081	-17	1,059

2013

Merchant Banking	-413	409	-43	409				
Wealth Management	-121	126	-11	126				
Baltic					-130	794	-9	794
Other	-297	333	-7	294	-62	290	-4	279
TOTAL	-831	868	-61	829	-192	1,084	-13	1,073

2014	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable		Fixed		Variable	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Baltic	-129	782	-9	772	-183	1,166	-14	1,154
Other	-47	261	-3	245	-70	364	-3	349
TOTAL	-176	1,043	-12	1,017	-253	1,530	-17	1,503

2013

Baltic	-120	795	-6	795	-171	1,158	-11	1,158
Other	-46	266	-3	257	-65	359	-2	345
TOTAL	-166	1,061	-9	1,052	-236	1,517	-13	1,503

1) Variable pay is defined as short-term cash-based remuneration and long-term equity based remuneration. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.

2) Including Life and Baltic in the parent company.

3) Share Savings Programme and collective short-term and long-term remuneration. Collective short term and long term remuneration compared to expected outcome is reported in Other.

Note 9 a ctd. Remuneration

Remuneration by category

	Group						Parent company					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
2014												
Fixed remuneration ¹⁾	-1,222	-8,304	-9,526	1,038	14,676	15,714	-885	-5,182	-6,067	776	7,924	8,700
Variable pay ¹⁾	-371	-782	-1,153	620	14,255	14,875	-294	-588	-882	474	7,736	8,210
whereof:												
Short-term cash-based	-152	-628	-780				-131	-455	-586			
Long-term equity-based ²⁾	-219	-154	-373				-163	-133	-296			
Deferred variable pay ³⁾	-205	-171	-376				-167	-133	-300			
Accrued and paid remuneration ⁴⁾	-1,696	-9,103	-10,799				-1,282	-5,770	-7,052			
Severance pay ⁵⁾			-141			491			-44			89
Agreed not yet paid severance pay			-354			435			-30			38
Highest single amount			-8						-6			

2013

Fixed remuneration ¹⁾	-1,070	-8,732	-9,802	973	14,878	15,851	-822	-5,348	-6,170	691	8,013	8,704
Variable pay ¹⁾	-454	-637	-1,091	595	15,050	15,645	-392	-485	-877	451	8,072	8,523
whereof:												
Short-term cash-based	-309	-452	-761				-273	-340	-613			
Long-term equity-based ²⁾	-141	-189	-330				-119	-145	-264			
Deferred variable pay ³⁾	-269	-189	-458				-233	-145	-378			
Accrued and paid remuneration ⁴⁾	-1,771	-9,369	-11,140				-1,432	-5,833	-7,265			
Severance pay ⁵⁾			-282			762			-133			161
Agreed not yet paid severance pay			-165			242			-66			80
Highest single amount			-6						-6			

	SEB AG, Germany						SEB Pank AS, Estonia					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
2014												
Fixed remuneration ¹⁾	-117	-710	-827	107	713	820	-13	-198	-211	19	1,062	1,081
Variable pay ¹⁾	-26	-35	-61	53	689	742	-2	-15	-17	9	1,050	1,059
whereof:												
Short-term cash-based	-13	-31	-44					-10	-10			
Long-term equity-based ²⁾	-13	-4	-17				-2	-5	-7			
Deferred variable pay ³⁾	-13	-4	-17				-2	-5	-7			
Accrued and paid remuneration ⁴⁾	-150	-745	-895				-15	-213	-228			
Severance pay ⁵⁾			-49			36			-1			30

2013

Fixed remuneration ¹⁾	-120	-711	-831	108	760	868	-13	-179	-192	21	1,063	1,084
Variable pay ¹⁾	-25	-36	-61	69	760	829	-2	-11	-13	10	1,063	1,073
whereof:												
Short-term cash-based	-20	-26	-46					-8	-8			
Long-term equity-based ²⁾	-5	-10	-15				-2	-3	-5			
Deferred variable pay ³⁾	-12	-10	-22				-2	-3	-5			
Accrued and paid remuneration ⁴⁾	-157	-747	-904				-15	-190	-205			
Severance pay ⁵⁾			-6			34			-2			54

Note 9 a ctd. Remuneration

Remuneration by category

2014	SEB Banka AS, Latvia						SEB bankas AB, Lithuania					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
Fixed remuneration ¹⁾	-15	-161	-176	25	1,018	1,043	-18	-235	-253	23	1,507	1,530
Variable pay ¹⁾	-2	-10	-12	11	1,006	1,017	-2	-15	-17	9	1,494	1,503
whereof:												
Short-term cash-based		-8	-8					-10	-10			
Long-term equity-based ²⁾	-2	-2	-4				-2	-5	-7			
Deferred variable pay ³⁾	-2	-2	-4				-2	-5	-7			
Accrued and paid remuneration ⁴⁾	-17	-171	-188				-20	-250	-270			
Severance pay ⁵⁾			-4			100			-10			220
2013												
Fixed remuneration ¹⁾	-11	-155	-166	19	1,042	1,061	-17	-219	-236	22	1,495	1,517
Variable pay ¹⁾	-2	-7	-9	10	1,042	1,052	-2	-11	-13	8	1,495	1,503
whereof:												
Short-term cash-based		-6	-6					-8	-8			
Long-term equity-based ²⁾	-2	-1	-3				-2	-3	-5			
Deferred variable pay ³⁾	-2	-1	-3				-2	-3	-5			
Accrued and paid remuneration ⁴⁾	-13	-162	-175				-19	-230	-249			
Severance pay ⁵⁾			-2			54			-9			307

1) Variable pay is defined as short-term cash-based remuneration and long-term equity based remuneration. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFS 2011:1. The reported remuneration does not include social charges.

2) Long-term equity based remuneration encompasses five different programmes; a Share Savings Programme and All Employee Programme for all employees, a Performance Shares Programme for senior managers and key employees, and also a Share Matching Programme and a Share Deferral Programme for a selected group of key employees.

3) The deferred variable pay is locked the first year. Short-term cash-based remuneration can thereafter be paid pro rata over three or five years after a possible risk adjustment. Long-term equity-based programmes are locked for a minimum of three years.

4) In Accrued and paid remuneration amounts paid within the first quarter after the accrual is included. Deferred variable pay has not been subject to risk adjustment during 2013 nor 2014.

5) The amount also includes sign-on.

6) Employees with material impact on SEB's risk profile, in accordance with FFS 2014:22.

Loans to Executives

	Group		Parent company	
	2014	2013	2014	2013
Managing Directors and Deputy Managing Directors ¹⁾	119	93	25	9
Boards of Directors ²⁾	271	283	102	91
TOTAL	390	376	127	100

1) Comprises current President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 76 (77) of which 15 (13) female.

2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 177 (188) of which 51 (51) female.

Pension commitments to Executives

Pension disbursements made	104	88	42	42
Change in commitments	58	62	19	22
Commitments at year-end	1,910	1,656	839	751

The above commitments are covered by the Bank's pension funds or through Bank-owned endowment assurance schemes. They include active and retired Presidents and Deputy Presidents in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries, in total 120 (120) persons.

9b PENSIONS

Retirement benefit obligations

The Group has established pension schemes in the countries where business is performed. There are both defined benefit plans and defined contribution plans. The major pension schemes are final salary defined benefit plans and are funded. The defined benefit plan in Sweden is closed to new employees and a defined contribution plan was established during 2013. The defined contribution plans follow the local regulations in each country. Multiemployer defined benefit plans exist for employees in some parts of the Group. These plans are accounted for as defined contribution plans since sufficient information of SEB's share of the liability/asset and cost is not available.

Defined benefit plans

The major defined benefit plans exist in Sweden and Germany and covers substantially all employees in these countries. Independent actuarial calculations according to the Projected Unit Credit Method (PUCM) are performed quarterly to decide the value of the defined benefit obligation. The benefits covered include retirement benefits, disability, death and survivor pensions according to the respective countries collective agreements. The plan assets are kept sepa-

rate in specific pension foundations. In case of a deficit in the pension obligation according to local rules SEB is obliged to meet this with contribution to the foundation. The asset allocation is determined to meet the various risks in the pension obligations and are decided by the board/trustees in the pension foundations. The assets are at market value. The pension and interest costs are presented in Staff costs.

Defined contribution plans

Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the closed collective retirement agreement is defined contribution based. Over a certain salary level the employees could also choose to leave the defined benefit plan and replace it by a defined contribution plan. The current plan for new employees is fully contribution based. Most other countries have defined contribution plans except for the Baltic countries where the company to a limited extent contributes to the employees retirement. The defined contribution plans are not recognised in the balance sheet but accounted for as an expense among Staff costs.

DEFINED BENEFIT PLANS IN SEB GROUP

Net amount recognised in the Balance sheet	2014			2013		
	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾
Defined benefit obligation at the beginning of the year	16,686	5,095	21,781	19,877	5,158	25,035
Curtailment, acquisitions and reclassification		-42	-42	-239	-58	-297
Service costs	381	40	421	539	45	584
Interest costs	627	174	801	550	172	722
Benefits paid	-675	-259	-934	-687	-256	-943
Exchange differences		223	223		169	169
Remeasurements of pension obligation	5,461	979	6,440	-3,354	-135	-3,489
Defined benefit obligation at the end of the year	22,480	6,210	28,690	16,686	5,095	21,781
Special salary tax reserve at the beginning of the year	4		4	520		520
Changes in special salary tax	-4		-4	-516		-516
Special salary tax reserve at the end of the year				4		4
Fair value of plan assets at the beginning of the year	20,695	5,046	25,741	18,348	3,623	21,971
Curtailment, acquisitions and reclassification		-53	-53		-17	-17
Calculated interest on plan assets	787	174	961	524	169	693
Benefits paid/contributions	-659	-217	-876	-676	1,164	488
Exchange differences		316	316		163	163
Valuation gains (losses) on plan assets	2,860	5	2,865	2,499	-56	2,443
Fair value of plan assets at the end of the year	23,683	5,271	28,954	20,695	5,046	25,741
Change in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	4,005	-49	3,956	-2,049	-1,535	-3,584
Curtailment, acquisitions and reclassification		-11	-11	239	41	280
Total expense in staff costs	-221	-40	-261	-599	-48	-647
Pension paid	675	259	934	687	256	943
Pension compensation	-659	-217	-876	-676	1,164	488
Exchange differences		93	93		-6	-6
Actuarial gains/losses recognised in Other Comprehensive Income	-2,601	-974	-3,575	5,853	79	5,932
Special salary tax in Other Comprehensive Income	4		4	550		550
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	1,203	-939	264	4,005	-49	3,956

1) The net defined benefit obligation is recognised in the balance sheet either as an asset or liability depending on the situation for each legal entity.

In 2014 a contribution of SEK 36m (1,360) was paid to the German pension foundation. Contribution to the foundations can not be ruled out in 2015 due to uncertainty in interest rate levels. During 2014 one defined benefit plan outside Sweden were amended and shifted to defined contribution plan.

Note 9 b ctd. Pensions

Principal actuarial assumptions used, %	2014		2013	
	Sweden	Foreign	Sweden	Foreign
Discount rate	2.3%	2.0%	3.8%	3.5%
Inflation rate	1.5%	1.8%	1.5%	2.0%
Expected rate of salary increase	3.5%	3.0%	3.5%	3.0%
Expected rate of increase in the income basis amount	3.0%		3.0%	

The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden are at least AA-rated and the maturity is in line with the estimated maturity of obligations for post employment benefits. Mortality assumptions in Sweden follows the Swedish insurance supervisory authority (FFFS 2007:31) regulations. In Germany the Heubeck Sterbetafel is used. Weighted average duration for the obligation is 19 years in Sweden and 13 years in Germany.

A decrease of the discount rate for Sweden of 0.5 per cent would imply an increase of the Swedish pension obligation with SEK 2,367m while the same change in the inflation assumption for Sweden would have the opposite effect and decrease the obligation with SEK 1,721m. An increase of the discount rate with same ratio would reduce the obligation with SEK 2,040m and an increased

inflation rate with 0.5 per cent gives an increased obligation with SEK 2,019m. A decrease in assumption for expected salary increase in Sweden with 0.5 per cent would have a positive effect on the obligation with SEK 301m an increase would have a negative effect of SEK 368m.

The obligation in Germany would increase with SEK 448m if the discount rate was reduced with 0.5 per cent. An increase with the same percentage would decrease the obligation with SEK 424m. If the inflation assumption for Germany increases by 0.5 per cent the pension obligation would increase with SEK 146m and corresponding decrease would be SEK 140m at a lower inflation assumption. A change in expected salary increases in Germany by 0.5 per cent would with a higher rate give an increase of the obligation with SEK 244m and with a lower rate reduce the obligation with SEK 240m.

Allocation of plan assets

	2014			2013		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Equities	15,809	730	16,539	15,651	712	16,363
where of private equities and hedge funds	4,913		4,913	4,704		4,704
Interest-bearing securities	6,095	4,541	10,636	3,234	4,334	7,568
where of hedge funds	564		564	851		851
Properties	1,779		1,779	1,810		1,810
TOTAL	23,683	5,271	28,954	20,695	5,046	25,741

The pension plan assets include SEB shares with a fair value of SEK 1,095m (975). Properties in Sweden are occupied by SEB and 55 per cent (52) of the plan assets have a quoted market price, in addition SEK 942m (534) are liquid assets.

Amounts recognised in Income statement

	2014			2013		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Service costs	-381	-40	-421	-539	-45	-584
Interest costs	-627	-174	-801	-550	-172	-722
Calculated interest on plan assets	787	174	961	524	169	693
Special salary tax				-34		-34
INCLUDED IN STAFF COSTS	-221	-40	-261	-599	-48	-647

Amounts recognised in Other comprehensive income

Remeasurements of pension obligation	-5,461	-979	-6,440	3,354	135	3,489
where of experience adjustments	154		154	136		136
where of due to changes in financial assumptions	-5,615	-979	-6,594	3,218	135	3,353
where of due to changes in demographic assumptions						
Valuation gains (losses) on plan assets	2,860	5	2,865	2,499	-56	2,443
Special salary tax	4		4	550		550
Deferred tax pensions	571	300	871	-1,408	9	-1,399
INCLUDED IN OTHER COMPREHENSIVE INCOME	-2,026	-674	-2,700	4,995	88	5,083

DEFINED CONTRIBUTION PLANS IN SEB GROUP

Net amount recognised in the Profit and loss	2014			2013		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs including special salary tax	-559	-193	-752	-578	-225	-803

Note 9 b ctd. Pensions

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
	2014	2013
Net amount recognised in the Balance sheet		
Defined benefit obligation at the beginning of the year	16,400	17,203
Imputed pensions premium	373	579
Interest costs and other changes	2,578	-859
Early retirement	168	152
Pension disbursements	-660	-675
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	18,859	16,400
Fair value of plan assets at the beginning of the year	20,009	17,757
Return on assets	3,552	2,927
Benefits paid	-662	-675
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	22,899	20,009

The above defined benefit obligation is calculated according to tryggandelagen. Skandinaviska Enskilda Banken consequently adopts the discount rate set by the Swedish FSA before year-end. The obligation is fully covered by assets in the pension foundation and is not included in the balance sheet.

The assets in the foundation are mainly equity related SEK 15,244m (15,086)

and to a smaller extent interest earning SEK 2,427m (3,122). The assets include SEB shares of SEK 1,059m (942) and buildings occupied by the company of SEK 1,779m (1,192). The return on asset was 18 per cent (16) before pension compensation.

Amounts recognised in the Profit and loss

	Parent company	
	2014	2013
Pension disbursements	-660	-675
Compensation from pension foundations	662	675
Total included in appropriations	2	0
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	2	0

Principal actuarial assumptions used, %

Gross interest rate	1.9%	2.6%
Interest rate after tax	1.6%	2.2%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
	2014	2013
Net amount recognised in the Profit and loss		
Expense in Staff costs including special salary tax	-541	-765

Pension foundations

	Pension commitments		Market value of asset	
	2014	2013	2014	2013
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	18,859	16,400	22,899	20,009
SEB Kort AB:s Pensionsstiftelse	700	581	784	686
TOTAL	19,559	16,981	23,683	20,695

9 c REMUNERATION TO THE BOARD AND THE GROUP EXECUTIVE COMMITTEE

Guidelines for remuneration

The guidelines for remuneration to the President and the other members of the Group Executive Committee (GEC) were prepared by the Board of Directors and its Remuneration and Human Resources Committee and approved by the Annual General Meeting 2014.

The remuneration structure for the President and the other members of the GEC is in accordance with the remuneration policy for the Bank. No member of the GEC has been entitled to cash based variable remuneration since 2009.

Thus, the remuneration is based upon three main components; base pay, equity

based remuneration and pensions. Other benefits may also be included, such as company car and domestic services.

For more information, see page 58.

Identified staff

The President and all other members of the GEC are considered employees who have a material impact on SEB's risk profile according to the Swedish Financial Supervisory Authority regulations (FFFS 2014:22)

Remuneration to the Board, SEK

	Base pay	Directors' fee ¹⁾	Benefits ²⁾	Total
2014				
Chairman of the Board, Marcus Wallenberg		3,465,000		3,465,000
Other members of the Board ³⁾		8,200,000		8,200,000
President and CEO, Annika Falkengren	9,000,000		1,580,143	10,580,143
TOTAL	9,000,000	11,665,000	1,580,143	22,245,143
2013				
Chairman of the Board, Marcus Wallenberg		2,400,000		2,400,000
Other members of the Board ³⁾		7,160,000		7,160,000
President and CEO, Annika Falkengren	8,500,000		1,366,143	9,866,143
TOTAL	8,500,000	9,560,000	1,366,143	19,426,143

1) As decided by AGM. From 2014 the Chairman of the Board receives fees for his committee work.

2) Includes benefits as domestic service and company car.

3) Directors' fee to the Board members on individual level is presented on page 48.

Magnus Carlsson was appointed deputy President and CEO 1 November 2014. During 2014 he has not acted in that role.

Compensation to the Group Executive Committee, SEK ¹⁾

	Base pay	Benefits	Total
2014	34,329,597	1,300,791	35,630,388
2013	34,195,652	1,298,504	35,494,156

1) GEC excluding the President and CEO. The members somewhat differ between years but in average eight (eight) members are included.

Long-term equity programmes

SEB first introduced a long-term equity programme in 1999. Between 2005 and 2010 the programmes included performance shares and between 2008 and 2012 a Share Savings Programme. From 2009 a Share Matching Programme and from 2012 a Share Deferral Programme were introduced. An All Employee Programme was launched in 2013. For further information see the Remuneration report on page 58.

Under the *Share Deferral Programme* members of the GEC may be granted an individual number of conditional share rights based on the fulfilment of pre-determined Group, business unit and individual target levels as outlined in SEB's business plan. The targets are set on an annual basis as a mix of the financial targets Return on Equity/Return on Business Equity and cost development and the non-financial target customer satisfaction. The initial allotment may not exceed 100 per cent of the base pay.

Ownership of 50 per cent of the share rights are transferred to the participant after a qualification period of three years, 50 per cent after a qualification period of five years. After each respective qualification period there is an additional holding period of one year after which the share rights can be exercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank. There is a requirement for vesting that the participant remains with SEB during the first three years. A further requirement for vesting is that the participant holds shares in SEB equal to a predetermined amount, for GEC equivalent to one year salary net of taxes, acquired no later than on a pro-rata basis

during the initial three year vesting period.

The *Share Matching Programme* 2011 includes an own investment in Class A shares. Matching shares and performance based matching shares in the Share Matching Programme cannot be sold nor pledged, which means that they do not have any market value. The performance based matching shares in the Share Matching Programmes that can be exercised depends on the development of two predetermined performance criteria, total shareholder return in relation to the markets required return based on the interest of Swedish Government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third. After three years the participant receives one matching share and, if the pre-determined performance criteria are fulfilled and the participant remains with SEB, the maximum matching is four shares for the GEC.

The Share Matching Programme 2011 vested in 2014 with 100 per cent matching. GEC is not participating in the Share Matching Programmes 2012–2014 nor the All Employee Programme.

The value of the Share Matching Programme is capped at full vesting under the two performance criteria and a doubled share price based on a pre-determined initial share price. If the share price at the time of vesting has more than doubled, the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

Long-term equity programmes (expensed amounts for ongoing programmes), SEK

	Share saving	Performance shares	Share matching	Share deferral	Total
2014					
President and CEO, Annika Falkengren			381,723	4,447,384	4,829,107
Other members of the GEC ¹⁾			1,169,036	12,242,229	13,411,265
TOTAL			1,550,759	16,689,613	18,240,372
2013					
President and CEO, Annika Falkengren	24,309	164,473	1,725,643	2,290,413	4,204,838
Other members of the GEC ¹⁾	116,197	513,976	5,311,903	6,711,307	12,653,383
TOTAL	140,506	678,449	7,037,546	9,001,720	16,858,221

1) GEC excluding the President and CEO. The members somewhat differ between years but in average eight (eight) members are included.

Note 9 ctd. Remuneration to the Board and the Group Executive Committee

Number outstanding by 2014-12-31¹⁾

	Number outstanding			First day of exercise	Performance criteria
	President and CEO Annika Falkengren	Other members of the GEC	Total		
2010: Performance shares	131,578	42,787	174,365	2013 ²⁾	actual vesting 100%
2012: Conditional share rights	132,400	321,726	454,126	2016;2018 ³⁾	–
2013: Conditional share rights	87,002	227,071	314,073	2017;2019 ⁴⁾	–
2014: Conditional share rights	67,959	154,452	222,411	2018;2020 ⁵⁾	–

1) Share Matching Programme 2011 vested in 2014 with 100% matching.

2) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of performance shares.

3) The qualification period ends 2015 and 2017 respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.

4) The qualification period ends 2016 and 2018 respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.

5) The qualification period ends 2017 and 2019 respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.

The number of outstanding performance shares is the maximum number that may be received under the programme.

The Share Matching Programme 2011 was closed during the year and the President and CEO received shares to a value of SEK 15,741,683 (15,018,406). The corresponding value for the Share Matching Programme 2011, Performance shares and Savings shares for GEC excluding the President is SEK 69,660,744 (37,702,116).

Pension and severance pay

As communicated in the 2013 Annual Report and at the 2014 Annual General Meeting, the aim has been that all pension agreements for the GEC shall be defined contribution based. This transition was completed in 2013 for the President and the remaining other members with defined -benefit based plans meaning that the future obligation for the Bank has ceased, with the exception of a small defined benefit component according to the collective agreement for three members.

The change was made with a retroactive effect and the value exchanged was neutral to the Group.

The pension agreement of the President is contribution-based and inviolable. The pension contribution is a fixed amount.

Termination of employment by the Bank is subject to a maximum 18-month period of notice and entitles to a severance pay of 6 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are inviolable and defined contribution-based except for a portion in the collective agreement. Pensionable income is limited to individual ceilings.

Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

Pension costs (service costs and interest costs 2013 and defined contribution premiums in 2014)

	President and CEO, Annika Falkengren	Other members of the GEC ¹⁾	Total
2014	4,500,000	14,679,661	19,179,661
2013	5,738,309	17,242,664	22,980,973

1) GEC excluding the President and CEO. The members somewhat differ between years but in average eight (eight) members are included.

For information about related parties see note 28.

9d SHARE-BASED PAYMENTS

Long-term equity-based programmes					
	All employee programme	Share deferral programme	Share matching programme	Share savings programme	Performance shares
2014					
Outstanding at the beginning of the year	1,788,022	2,527,898	4,304,393	6,184,882	4,994,443
Granted ¹⁾	2,826,214	2,086,747	329,354		205,254
Forfeited ²⁾	–128,397	–130,543	–506,241		
Exercised ³⁾			–1,316,006	–2,106,090	–1,999,628
Expired				–878	
OUTSTANDING AT THE END OF THE YEAR	4,485,839	4,484,102	2,811,500	4,077,914	3,200,069
<i>of which exercisable</i>					3,200,069
2013					
Outstanding at the beginning of the year		1,191,725	4,795,702	7,539,357	13,918,402
Granted ¹⁾	1,788,022	1,421,869	875,020	1,274,947	50,009
Forfeited ²⁾		–85,696	–9,496		–79,747
Exercised ³⁾			–1,356,833	–2,622,270	–8,894,221
Expired				–7,152	
OUTSTANDING AT THE END OF THE YEAR	1,788,022	2,527,898	4,304,393	6,184,882	4,994,443
<i>of which exercisable</i>					4,994,443

1) Including compensation for dividend.

2) Weighted average exercise price forfeited PSP SEK 10.00 (10.00).

3) Weighted average exercise price exercised PSP SEK 10.00 (10.00) and weighted average share price at PSP exercise SEK 89.29 (68.52).

The number of outstanding performance shares is the number received under the programme. The number of outstanding deferral rights in SMP is the minimum outcome of the programme.

Note 9 d ctd. Share-based payments

Total long-term equity-based programmes

	Original no of holders ³⁾	No of issued (maximum outcome)	No of outstanding 2014 ⁴⁾	No of outstanding 2013	A-share per option/share	Exercise price	Validity	First date of exercise
2009: Performance shares	344	5,493,837	404,132	738,205	1	10	2009–2016	2012 ¹⁾
2010: Performance shares	698	18,900,000	2,795,937	4,256,238	1	10	2010–2017	2013 ¹⁾
2008: Share savings programme	7,300	3,818,031	0	1,161	1 or 2.34		2008–2013	2012-02-13
2009: Share savings programme	5,600	2,326,652	3,677	1,160,484	1		2009–2014	2013-02-18
2010: Share savings programme	5,200	2,285,536	1,195,722	2,033,148	1		2010–2015	2014-02-11
2011: Share savings programme	5,050	1,888,248	1,685,407	1,751,534	1		2011–2016	2015-02-16
2012: Share savings programme	4,770	1,274,947	1,193,108	1,238,557	1		2012–2017	2016-02-12
2011: Share matching programme	519	7,628,150	0	1,722,186	4 or 5		2011–2014	2014 ²⁾
2012: Share matching programme	432	7,024,168	1,636,995	1,723,041	4		2012–2019	2015 ²⁾
2013: Share matching programme	213	3,485,088	849,433	859,164	4		2013–2020	2016 ²⁾
2014: Share matching programme	96	1,300,288	325,072		4			2017 ²⁾
2012: Share deferral programme	86	1,199,504	1,175,331	1,179,340	1		2012–2021	2015/2017 ²⁾
2013: Share deferral programme	263	1,361,861	1,430,426	1,348,558	1		2013–2022	2016/2018 ²⁾
2014: Share deferral programme	622	1,909,849	1,878,345		1			2017/2019 ²⁾
2013: All employee programme – equity settled	8,347	1,255,838	1,232,573	1,255,838	1		2013–2016	2017
2013: All employee programme – cash settled	5,358	532,184	502,359	532,184			2013–2016	2017
2014: All employee programme – equity settled	8,709	1,786,471	1,786,471		1		2014–2017	2018
2014: All employee programme – cash settled	5,216	964,436	964,436				2014–2017	2018
TOTAL		64,435,088	19,059,424	19,799,638				

1) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of Performance shares in Equate plus.

2) As soon as practically possible following the end of the performance period, the establishing of the outcome of number of Matching Shares and the allocation of the A-shares and, if applicable, the Matching Shares.

3) In total approximately 10,500 individuals (10,200) participated in any of the programmes, All Employee Programme excluded.

4) Including additional deferral rights for dividend compensation.

Long-term equity-based programmes

From 2005 to 2010 the programmes were based on *performance shares*. They all have a maximum term of seven years, a vesting period of three years and an exercise period of four years. The number of allotted performance shares that can be exercised depends on the development of two predetermined performance criteria of equal importance. All programmes are vested and the exercise period for the 2010 years programme ends in 2017.

Between 2008 and 2012 a *Share Savings Programme* for all employees in selected countries has been run. In the Share Savings Programmes the participants saved a maximum of five per cent of their gross base salary during a twelve months period. For the savings amount, Class A-shares were purchased at current stock exchange rate four times a year following the publication of the Bank's interim reports. If the shares are retained by the employee for three years and the employee remains with SEB, the employee receives one Class A-share for each retained share. All programmes are vested and the exercise period for the 2012 years programme ends in 2017.

Between 2009 and 2014 a *Share Matching Programme* for a number of selected senior executives and other key employees has been run. In 2011 the programme also replaced the Performance Share Programme. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. All programmes require own investment in Class A-shares. The investment amount is pre-determined and capped for each participant. After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of performance based matching shares for each invested share. From 2012 the settlement is in the form of share rights with an exercise period of four years. The 2011 years programme was closed in 2014 with 100 per cent matching.

The number of performance based matching shares will depend on the development of two pre-determined performance criteria; in the 2014 programme measured as total shareholder return (TSR) in relation to the markets required return based on the interest of Swedish government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third. The expected vesting at time of grant in 2014 year's programme is approximately 44 per cent. Maximum outcome for the participants is three performance based matching shares. The outcome is also subject to risk adjustment.

The holders are compensated for dividends to the shareholders during the exercise period. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year during the exercise period, taking the dividend into account.

Matching rights are not securities that can be sold, pledged or transferred to another party. However, an estimated value per matching right has been calculated for 2014 to SEK 65 (45) and for the performance based matching rights to SEK 39 (27) (based upon an average closing price of one SEB Class A-share at the time of grant during the month of April). Other inputs to the options pricing model are; exercise price SEK 0 (0); volatility 46 (55) (based on historical val-

ues); expected dividend approximately 4 (4) per cent; risk free interest rate 1.13 (1.00) and expected early exercise of 3 (3) per cent. In the value of the option the expected outcome of the performance criteria described above are taken into account.

The programme is subject to a cap, if the share price at the time of vesting has more than doubled the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

As from 2012 a *Share Deferral Programme* has been introduced for the Group Executive Committee and certain other executive managers and key employees with critical competences. The participants are granted an individual number of conditional share rights based on pre-determined Group, division/business unit and individual target levels, both financial (Return on Equity/Return on Business Equity and cost development) and non-financial (customer satisfaction), set on an annual basis.

50 per cent of the share rights ownership is transferred to the participant after a qualification period of three years, 50 per cent after a qualification period of five years. The requirement for vesting is that the participant remains with SEB during the first three years and that the participant holds shares in SEB equal to a predetermined amount, acquired no later than on a pro-rata basis during the initial three year period. After each respective qualification period there is an additional holding period of one year after which the share rights can be exercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank.

The holders are compensated for dividends to the shareholders during the duration of the Programme. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year, taking the dividend into account. The share rights are not securities that can be sold, pledged or transferred to others. However, an estimated value per share right has been calculated for 2014 to SEK 81 (60) (based upon an average closing price of one SEB Class A-share at the time of grant during the month of April).

In 2013 an *All Employee Programme* was introduced for most employees. The previous collective cash-based profit sharing programme, SEB Resultatandel, was adjusted to an All Employee Programme where 50 per cent of the outcome is paid in cash and 50 per cent is deferred for three years and paid in SEB A-shares. Deferrals will normally only be obtained under the condition that the employee remains with SEB. In Sweden the deferred part is paid out in SEB A-shares, adjusted for dividends. In all other countries the deferred part is paid out in cash adjusted for total shareholder return in the SEB A-share. Outcome is capped at a maximum amount for each geography and is based on the fulfilment of pre-determined Group targets outlined in SEB's business plan, both financial (Return on Equity and cost development) and non-financial (customer satisfaction). The outcome in 2014 year's programme was 76 per cent (48) of the maximum amount.

Further details of the outstanding programmes are found in the table above.

9e NUMBER OF EMPLOYEES

Average number of employees	Group			Parent company		
	Men	Women	Total	Men	Women	Total
2014						
Sweden	4,113	4,239	8,352	3,627	3,633	7,260
Norway	260	169	429	206	99	305
Denmark	393	274	667	174	68	242
Finland	162	153	315	113	101	214
Estonia	310	964	1,274			
Latvia	396	1,138	1,534	105	204	309
Lithuania	677	1,615	2,292	200	317	517
Germany	502	392	894	6	1	7
Poland	23	45	68	15	26	41
Ukraine	27	47	74			
China	14	28	42	14	28	42
Great Britain	107	55	162	106	55	161
Ireland	50	59	109			
Luxembourg	120	111	231			
Russia	27	68	95			
Singapore	39	71	110	33	65	98
United States	35	19	54	25	17	42
Other ¹⁾	24	16	40	14	10	24
TOTAL	7,279	9,463	16,742	4,638	4,624	9,262
2013						
Sweden	4,191	4,362	8,553	3,694	3,720	7,414
Norway	274	187	461	211	107	318
Denmark	415	286	701	185	75	260
Finland	166	153	319	115	99	214
Estonia	315	1,005	1,320			
Latvia	402	1,122	1,524	94	179	273
Lithuania	637	1,566	2,203	144	246	390
Germany	582	431	1,013	39	10	49
Poland	24	41	65	16	22	38
Ukraine	33	61	94			
China	14	25	39	14	25	39
Great Britain	113	56	169	107	55	162
Ireland	46	58	104			
Luxembourg	118	109	227			
Russia	32	69	101			
Singapore	40	69	109	32	65	97
United States	36	18	54	26	17	43
Other ¹⁾	25	15	40	15	4	19
TOTAL	7,463	9,633	17,096	4,692	4,624	9,316

1) Switzerland, British Virgin Island, Brazil and Hong Kong.

Number of hours worked in parent company 15,020,788 (14,984,074).

10 OTHER EXPENSES

	Group		Parent company	
	2014	2013	2014	2013
Costs for premises ¹⁾	-1,685	-1,634	-1,187	-1,052
IT costs	-2,591	-2,412	-1,528	-1,520
Stationery	-81	-107	-44	-73
Travel and entertainment	-456	-415	-323	-297
Postage	-143	-167	-116	-130
Consultants	-824	-733	-580	-584
Marketing	-427	-394	-235	-208
Information services	-453	-453	-403	-391
Other operating costs ²⁾	350	16	-319	-482
TOTAL	-6,310	-6,299	-4,735	-4,737
1) Of which rental costs	-1,247	-1,177	-938	-804

2) Net after deduction for capitalised costs, see also note 29.

Note 10 ctd. Other expenses

Fees and expense allowances to appointed auditors and audit firms ¹⁾

	Group		Parent company	
	2014	2013	2014	2013
Audit assignment	-26	-26	-10	-10
Audit related services	-30	-20	-6	-4
Tax advisory	-12	-13	-8	-10
Other services	-6	-18	-1	-1
PricewaterhouseCoopers	-74	-77	-25	-25
Audit assignment	-1	-1		
Tax advisory	-1	-1		
Other services		-1		
Other audit firms	-2	-3		
TOTAL	-76	-80	-25	-25

1) The parent company includes the foreign branches.

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include quarterly reviews, regulatory reporting

and services in connection with issuing of certificates and opinions. Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to mergers and acquisitions activities, operational effectiveness and assessments of internal control.

11 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Depreciation of tangible assets	-416	-457	-123	-127
Depreciation of equipment leased to clients			-4,413	-4,390
Amortisation of intangible assets	-521	-485	-550	-491
Amortisation of deferred acquisition costs	-944	-891		
Impairment of tangible assets	-3	-34		
Impairment of intangible assets	-51	-8		
Retirement and disposal of intangible assets	-138	-84	-71	-16
TOTAL	-2,073	-1,959	-5,157	-5,024

12 GAINS LESS LOSSES TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Properties	74	55		
Other tangible assets	5	3	38	33
Gains	79	58	38	33
Properties	-197	-30		
Other tangible assets	-3	-12		
Losses	-200	-42		
TOTAL	-121	16	38	33

13 NET CREDIT LOSSES

	Group		Parent company	
	2014	2013	2014	2013
Provisions:				
Net collective provisions for individually assessed loans	459	59	105	53
Net collective provisions for portfolio assessed loans	414	715	-28	52
Specific provisions	-1,448	-756	-1,010	-208
Reversal of specific provisions no longer required	279	381	58	33
Net provisions for contingent liabilities	-42	11	2	1
Net provisions	-338	410	-873	-69
Write-offs:				
Total write-offs	-2,401	-3,755	-352	-640
Reversal of specific provisions utilized for write-offs	1,229	2,067	95	214
Write-offs not previously provided for	-1,172	-1,688	-257	-426
Recovered from previous write-offs	186	123	65	44
Net write-offs	-986	-1,565	-192	-382
TOTAL	-1,324	-1,155	-1,065	-451

14 APPROPRIATIONS

	Parent company	
	2014	2013
Compensation from pension funds, pension disbursements	662	675
Pension disbursements	-660	-675
Pension compensation	2	0
Appropriations to/utilisation of untaxed reserves		1,291
Group contribution	371	780
Accelerated tax depreciation	593	1,361
Appropriations	964	3,432
TOTAL	966	3,432

15 INCOME TAX EXPENSE

Major components of tax expense	Group		Parent company	
	2014	2013	2014	2013
Current tax	-4,009	-4,148	-2,072	-2,778
Deferred tax	-60	817		
Tax for current year	-4,069	-3,331	-2,072	-2,778
Current tax for previous years	-60	-7	19	-27
INCOME TAX EXPENSE	-4,129	-3,338	-2,053	-2,805
Relationship between tax expenses and accounting profit				
Net profit from continuing operations	19,219	14,789	12,289	16,939
Income tax expense	4,129	3,338	2,053	2,805
Accounting profit before tax	23,348	18,127	14,342	19,744
Current tax at Swedish statutory rate of 22.0 (22.0) per cent	-5,137	-3,988	-3,155	-4,344
Tax effect relating to other tax rates in other jurisdictions	28	92		
Tax effect relating to not tax deductible expenses	-201	-251	-398	-107
Tax effect relating to non taxable income	1,082	487	1,481	1,673
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	158	12		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	61	-500		
Current tax	-4,009	-4,148	-2,072	-2,778
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	-158	-12		
Tax effect relating to changes in tax rates or the imposition of new taxes	4	282		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	106	540		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	-12	7		
Deferred tax	-60	817		
Current tax for previous years	-60	-7	19	-27
INCOME TAX EXPENSE	-4,129	-3,338	-2,053	-2,805

See also note 30 Other assets for current and deferred tax assets and note 33 Other liabilities for current and deferred tax liabilities.

Deferred tax income and expense recognised in income statement

Accelerated tax depreciation	-14	480
Pension plan assets, net	-17	82
Tax losses carry forwards	-46	-160
Other temporary differences	17	415
TOTAL	-60	817

Deferred tax assets and liabilities, where the change is not reported as a change in deferred tax, amount to SEK 49m (-532) and is explained by a currency translation effect.

16 EARNINGS PER SHARE

	Group	
	2014	2013
Continuing operations		
Net profit attributable to shareholders, SEKm	19,218	14,782
Weighted average number of shares, millions	2,187	2,191
Basic earnings per share, SEK	8.79	6.74
Net profit attributable to shareholders, SEKm	19,218	14,782
Weighted average number of diluted shares, millions	2,202	2,207
Diluted earnings per share, SEK	8.73	6.69
Discontinued operations		
Net profit attributable to shareholders, SEKm	0	-11
Weighted average number of shares, millions	2,187	2,191
Basic earnings per share, SEK	0.00	0.00
Net profit attributable to shareholders, SEKm	0	-11
Weighted average number of diluted shares, millions	2,202	2,207
Diluted earnings per share, SEK	0.00	0.00
Total operations		
Net profit attributable to shareholders, SEKm	19,218	14,771
Weighted average number of shares, millions	2,187	2,191
Basic earnings per share, SEK	8.79	6.74
Net profit attributable to shareholders, SEKm	19,218	14,771
Weighted average number of diluted shares, millions	2,202	2,207
Diluted earnings per share, SEK	8.73	6.69
Dilution		
Weighted average number of shares, millions	2,187	2,191
Adjustment for diluted weighted average number of additional Class A-shares, millions	15	16
Weighted average number of diluted shares, millions	2,202	2,207

17 OTHER COMPREHENSIVE INCOME

	Group		Parent company	
	2014	2013	2014	2013
Items that may be reclassified subsequently to profit or loss:				
Valuation gains (losses) during the year	-689	1,238	344	1,038
Income tax on valuation gains (losses) during the year	103	-193	-76	-226
Transferred to profit or loss for the year	743	73	763	60
Income tax on transfers to profit or loss for the year	-168	-13	-168	-13
Available for sale assets	-11	1,105	863	859
Valuation gains (losses) during the year	3,744	-1,467	4,052	-1,244
Income tax on valuation gains (losses) during the year	-824	323	-892	274
Transferred to profit or loss for the year	223	306	-84	86
Income tax on transfers to profit or loss for the year	-49	-67	19	-19
Cash flow hedges	3,094	-905	3,095	-903
Translation of foreign operations	-32	75	-3	-32
Taxes on translation effects	679	328		
Translation of foreign operations	647	403	-3	-32
Items that will not be reclassified to profit or loss:				
Remeasurement of pension obligations, including special salary tax	-6,436	4,039		
Valuation gains (losses) on plan assets during the year	2,865	2,443		
Deferred tax on pensions	871	-1,399		
Defined benefit plans	-2,700	5,083		
TOTAL	1,030	5,686	3,955	-76

The method used to hedge currency risks related to foreign operations creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impacts the taxable result contrary to the currency revaluation of the foreign operations. In the Group this tax effect is reported in Other comprehensive income.

18 RISK DISCLOSURES

SEB's profitability is directly dependent upon its ability to evaluate, manage and price the risks encountered, while maintaining an adequate capitalisation and liquidity to meet unforeseen events. Risk and capital-related issues are identified, monitored and managed at an early stage in order to secure the Group's financial stability. Risk and capital management is an integral part of the long-

term strategic planning and operational business planning processes.

Further information about SEB's risk, liquidity and capital management is available on pages 28–33, notes 19–20 and in SEB's report under Pillar 3: Capital Adequacy and Risk Management Report (available on www.sebgroup.com).

18a CREDIT RISK

Definition

Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also comprises counterparty risk derived from the trading operations, country risk and settlement risk.

The predominant risk in SEB is credit risk, which arises in lending activities and through commitments to customers, including corporations, financial institutions, public sector entities and private individuals. In addition to the credit portfolio, SEB's credit exposure consists of debt instruments and repos.

Risk management

Credit policy and approval process

The main principle in SEB's credit policy is that all lending is based on credit analysis and is proportionate to the customer's cash flow and ability to repay. Customers shall be known by the bank and the purpose of the loan shall be fully understood.

SEB's credit policies reflect the Group's approach to corporate sustainability as described in the Corporate Sustainability Policy and the Environmental Policy. Position statements on climate change, child labour and access to fresh water as well as industry sector policies are part of the credit granting process and are used in customer dialogues.

A credit approval is based on an evaluation of the customer's creditworthiness and type of credit. Relevant factors include the customer's current and anticipated financial position and protection provided by covenants and collateral. Credit approval process takes the proposed transaction into account as well as the customer's total business with the bank. The process differs depending on the type of customer (e.g., retail, corporate or institutional), the customer's risk level, and the size and type of transaction. Independent and professional credit analysis is particularly important for large corporate customers. For households and small businesses, the credit approval process is often based on credit scoring systems. Every credit decision of significance requires approval from an independent credit officer.

Limits, monitoring and risk mitigation

To manage the credit risk for each individual customer or customer group, a limit is established that reflects the maximum exposure that SEB is willing to accept. Limits are also established for total exposure in countries in certain risk classes, certain customer segments and for settlement risks in trading operations. All total limits and risk classes are reviewed at least annually by a credit approval body (a credit committee consisting of at least two bank officers as authorised by the Group's Credit Instruction, adopted by the Board). High-risk exposures (risk classes 13–16) are subject to more frequent reviews. The objective is to identify credit exposures with an elevated risk of loss at an early stage and to work together with the customer towards a solution that enables SEB to reduce or avoid credit losses. In its home markets, SEB maintains local workout teams that are engaged in problem exposures. These are supported by a global workout function with overall responsibility for managing problem exposures.

SEB uses a number of methods to mitigate risk in its credit portfolio. The choice of method depends on its suitability for the product and the customer in question, its legal enforceability, and on the experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges, guarantees and netting agreements. The most com-

mon types of pledges are real estate, floating charges and financial securities. In the trading operations, daily margin arrangements are frequently used to mitigate net open counterparty exposures at any point in time. For large corporate customers, credit risk is often mitigated by the use of restrictive covenants in the credit agreements.

Risk measurement

Credit risk is measured for all exposures, both in the banking book and the trading book. The methodology is defined in accordance with the EU's Capital Requirements Regulation (CRR) framework, and an internal ratings based (IRB) approved risk classification system is used for the majority of the bank's portfolios. SEB's group-wide internal risk classification system for banks, large and medium-sized corporate customers and public sector entities reflects the risk of default on payment obligations. It consists of a scale of 16 risk classes with 1 representing the lowest default risk and 16 representing an already defaulted counterparty. Risk classes 1 to 7 are considered "investment grade" while risk classes 13 to 16 are classified as "watch list".

For each risk class, SEB makes one-year estimates through-the-cycle for the probability of default (PD) using 17 years of internal default history and 27 years of external corporate bankruptcy data. The risk classification system is based on credit analysis covering business risk, including environmental, social and governance aspects, and financial risk. Financial ratios and peer group comparisons are used in the risk assessment. The exposure weighted average PD for the Group, excluding households and banks, improved to 0.66 per cent at year-end (0.80). The risk distribution of SEB's credit portfolio excluding households is shown on page 103. During the year, an upgrade of the risk classification process was started in order to further improve the quality in terms of increased transparency and objectivity of risk measurement and risk management. The implementation will continue in 2015 and regulatory approvals are pending.

For private individuals and small businesses, SEB uses credit scoring systems to estimate PD for the customer. SEB uses different credit scoring models for different regions and product segments, as both data accessibility and customer characteristics normally vary by country and product. PD for the households portfolio is estimated to 0.49 per cent through the cycle. The risk distribution of the household portfolio is shown on page 103.

Credit portfolio analysis and stress tests

The aggregate credit portfolio is reviewed and assessed regularly based on industry, geography, risk class, product type, size and other parameters. Thorough analysis is made on risk concentrations in geographic and industry sectors as well as in large single names, both in respect of direct and indirect exposures and in the form of collateral, guarantees and credit derivatives. As of year-end, the 20 largest corporate exposures (including property management) correspond to 92 per cent of the capital base (94). In addition, specific analyses and stress tests (including reverse stress tests) are performed when the market development requires a more careful examination of certain sectors or the entire credit portfolio. The credit portfolio is also stressed regularly as a part of SEB's annual internal capital adequacy assessment process.

EBA's and ECB's asset quality review carried out for European banks during the year confirmed the high asset quality of SEB's portfolio.

Credit exposure development, SEK bn

	2014	2013	2012	2011	2010
Lending	1,332	1,270	1,216	1,165	1,162
Contingent liabilities	560	489	442	429	430
Derivative instruments	202	103	119	108	90
Credit portfolio	2,094	1,862	1,777	1,702	1,682
Repos	8	10	27	41	36
Debt instruments	264	255	272	250	322
Credit exposure	2,366	2,127	2,076	1,993	2,040

Note 18 a ctd. Credit risk

Credit exposure by industry

Total credit exposure comprises the Group's credit portfolio, repos and debt instruments. Exposures are presented before reserves. Derivatives and repos are reported after netting of market values but before collateral arrangements and

includes add-ons for potential future exposure. Debt instruments comprise all interest-bearing instruments at nominal amounts, considering credit derivatives and futures. Debt instruments in the Life division are excluded.

Group	Loans		Contingent liabilities		Derivative instruments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Banks	71,778	72,632	20,814	21,656	90,614	63,432	183,206	157,720
Finance and insurance	42,660	43,875	36,526	29,300	49,931	13,998	129,117	87,173
Wholesale and retail	51,640	43,793	31,980	29,761	1,136	782	84,756	74,336
Transportation	29,799	31,360	20,226	14,733	3,731	947	53,756	47,040
Shipping	45,186	33,507	22,004	12,375	2,422	953	69,612	46,835
Business and household services	87,881	80,819	71,599	65,211	5,205	2,087	164,685	148,117
Construction	9,102	8,436	16,965	13,504	841	299	26,908	22,239
Manufacturing	90,765	85,138	156,768	128,795	13,499	4,789	261,032	218,722
Agriculture, forestry and fishing	10,517	9,774	1,989	2,386	384	202	12,890	12,362
Mining, oil and gas extraction	17,250	12,181	23,640	18,076	1,826	373	42,716	30,630
Electricity, gas and water supply	38,778	31,251	32,211	27,682	5,314	3,394	76,303	62,327
Other	23,410	25,183	6,525	8,982	608	346	30,543	34,511
Corporates	446,988	405,317	420,433	350,805	84,897	28,170	952,318	784,292
Commercial real estate management	146,657	143,899	15,236	19,424	8,264	3,881	170,157	167,204
Residential real estate management	75,784	81,312	8,114	7,235	6,886	2,819	90,784	91,366
Housing co-operative associations, Sweden	42,163	40,643	1,758	2,625	26	27	43,947	43,295
Property Management	264,604	265,854	25,108	29,284	15,176	6,727	304,888	301,865
Public Administration	52,510	54,951	26,889	22,673	10,989	4,243	90,388	81,867
Household mortgage	453,677	427,142	25,722	22,928			479,399	450,070
Other	42,176	43,713	41,272	41,682	36	887	83,484	86,282
Households	495,853	470,855	66,994	64,610	36	887	562,883	536,352
Credit portfolio	1,331,733	1,269,609	560,238	489,028	201,712	103,459	2,093,683	1,862,096
Repos							8,401	10,099
Debt instruments							263,838	255,092
TOTAL							2,365,922	2,127,287

Credit portfolio by industry and geography*

The credit portfolio comprises the Group's loans, leasing agreements, contingent liabilities and counterparty risk rising from derivatives contracts. Exposures are presented before reserves. Derivatives are reported after netting of

market values but before collateral arrangements and includes potential future exposure.

Group, 2014	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	83,177	45,500	9,747	5,809	273	566	453	21,181	16,500	183,206
Finance and insurance	75,993	2,222	3,727	1,682	442	12	697	20,642	23,700	129,117
Wholesale and retail	47,668	3,881	1,725	1,065	3,053	2,496	9,592	9,888	5,388	84,756
Transportation	31,567	476	3,412	1,828	1,103	1,811	2,917	10,535	107	53,756
Shipping	57,669	1,081	1,263	683	1,016	132	213	48	7,507	69,612
Business and household services	107,420	4,680	7,564	1,069	3,162	2,921	2,311	31,960	3,598	164,685
Construction	14,164	352	779	1,114	1,192	787	1,419	5,705	1,396	26,908
Manufacturing	173,758	5,007	4,907	11,352	4,583	2,413	4,934	40,316	13,762	261,032
Agriculture, forestry and fishing	7,569	88	8	40	2,062	2,086	921	90	26	12,890
Mining, oil and gas extraction	36,353	172	5,696	111	43	111	30		200	42,716
Electricity, gas and water supply	37,200	955	1,045	11,616	1,742	1,509	4,715	16,788	733	76,303
Other	22,973	827	1,055	920	422	244	176	1,087	2,839	30,543
Corporates	612,334	19,741	31,181	31,480	18,820	14,522	27,925	137,059	59,256	952,318
Commercial real estate management	109,580	133	2,056	1,009	6,425	4,549	8,250	38,155		170,157
Residential real estate management	80,729		53			378	8	9,616		90,784
Housing co-operative associations, Sweden	43,947									43,947
Property Management	234,256	133	2,109	1,009	6,425	4,927	8,258	47,771		304,888
Public Administration	25,422	8	377	1,381	3,374	393	1,805	56,945	683	90,388
Household mortgage	428,943		4,978		15,459	7,136	18,235		4,648	479,399
Other	44,508	4,559	23,209	2,038	2,878	2,511	1,330		2,451	83,484
Households	473,451	4,559	28,187	2,038	18,337	9,647	19,565		7,099	562,883
TOTAL	1,428,640	69,941	71,601	41,717	47,229	30,055	58,006	262,956	83,538	2,093,683

Note 18 a ctd. Credit risk

Credit portfolio by industry and geography*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	72,301	22,333	10,548	4,468	209	863	526	31,876	14,596	157,720
Finance and insurance	54,591	1,257	3,923	707	384	7	464	20,368	5,472	87,173
Wholesale and retail	40,263	3,177	1,782	875	2,653	3,029	8,534	9,965	4,058	74,336
Transportation	29,463	221	3,800	191	1,317	1,903	2,473	7,523	149	47,040
Shipping	38,405	364	1,086	641	700	136	219	55	5,229	46,835
Business and household services	102,895	1,480	3,472	790	2,822	3,200	1,950	28,461	3,047	148,117
Construction	13,038	303	277	688	942	985	1,305	3,479	1,222	22,239
Manufacturing	145,214	3,390	4,661	10,043	4,216	1,971	6,566	30,963	11,698	218,722
Agriculture, forestry and fishing	7,559	173	10	33	1,762	1,963	774	65	23	12,362
Mining, oil and gas extraction	24,780	9	5,350	115	29	111	56		180	30,630
Electricity, gas and water supply	28,438	356	815	6,972	1,835	1,637	3,317	18,303	654	62,327
Other	26,467	859	851	1,472	244	259	172	1,605	2,582	34,511
Corporates	511,113	11,589	26,027	22,527	16,904	15,201	25,830	120,787	34,314	784,292
Commercial real estate management	108,658	42	1,908	738	6,207	4,547	8,208	36,896		167,204
Residential real estate management	75,234		54			451	8	15,619		91,366
Housing co-operative associations, Sweden	43,295									43,295
Property Management	227,187	42	1,962	738	6,207	4,998	8,216	52,515		301,865
Public Administration	19,046	6	372	1,142	3,683	344	2,185	53,699	1,390	81,867
Household mortgage	405,522		2,183		14,148	7,248	17,327	134	3,508	450,070
Other	44,796	4,276	24,172	2,231	2,714	2,587	1,353	7	4,146	86,282
Households	450,318	4,276	26,355	2,231	16,862	9,835	18,680	141	7,654	536,352
TOTAL	1,279,965	38,246	65,264	31,106	43,865	31,241	55,437	259,018	57,954	1,862,096

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Credit portfolio by risk class

2014 ¹⁾				Total, excluding households					Households ³⁾	
Category	Risk class	PD Range	Moody's / S&P ²⁾	Banks	Corporates	Property Management	Public Admin.	Total	PD Range	Households
Investment grade	1–4	0–0.07%	Aaa to A3 / AAA to A-	80.4%	22.5%	12.8%	94.6%	31.4%	0–0.2%	61.6%
	5–7	0.07–0.26%	Baa / BBB	15.7%	31.3%	32.1%	3.6%	28.0%	0.2–0.4%	15.3%
Ongoing business									0.4–0.6%	7.2%
									0.6–1%	6.3%
	8–10	0.26–1.61%	Ba / BB	2.3%	38.7%	48.9%	1.0%	34.4%	1–5%	6.8%
	11–12	1.61–6.93%	B1, B2 / B+, B	1.2%	5.9%	3.8%	0.2%	4.6%	5–10%	1.1%
Watch list									10–30%	0.6%
									30–50%	0.4%
									50–100%	0.7%
TOTAL				100%	100%	100%	100%	100%	TOTAL	100%
2013 ¹⁾										
Investment grade	1–4	0–0.07%	Aaa to A3 / AAA to A-	72.6%	21.1%	12.3%	94.4%	29.0%	0–0.2%	53.3%
	5–7	0.07–0.26%	Baa / BBB	21.4%	29.4%	31.1%	4.5%	27.4%	0.2–0.4%	22.2%
Ongoing business									0.4–0.6%	0.2%
									0.6–1%	12.8%
	8–10	0.26–1.61%	Ba / BB	3.9%	39.1%	48.3%	0.8%	35.2%	1–5%	7.7%
	11–12	1.61–6.93%	B1, B2 / B+, B	1.6%	8.3%	5.2%	0.0%	6.3%	5–10%	1.5%
Watch list									10–30%	1.0%
									30–50%	0.5%
									50–100%	0.8%
TOTAL				100%	100%	100%	100%	100%	TOTAL	100%

1) Compilation is based on credit portfolio including repos.

2) Approximate relation to rating scales.

3) Household exposure based on internal ratings based (IRB) reported exposure in the event of a default (EAD – exposure at default).

Note 18 a ctd. Credit risk

Loan portfolio by industry and geography*

The loan portfolio comprises the Group's loans and leasing agreements.

2014	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	41,245	700	1,240	1,287	254	529	398	15,438	10,687	71,778
Finance and insurance	25,223	76	634	64	244	10	41	7,576	8,792	42,660
Wholesale and retail	30,496	3,004	1,109	372	1,661	1,571	6,570	3,403	3,454	51,640
Transportation	17,068	272	2,414	1,416	853	1,590	2,075	4,074	37	29,799
Shipping	37,128	158	772	683	793	129	151	48	5,324	45,186
Business and household services	60,958	928	3,793	247	2,430	2,451	1,848	14,345	881	87,881
Construction	6,849	169	136	9	432	286	413	710	98	9,102
Manufacturing	59,096	3,223	1,176	3,371	3,207	1,403	3,239	7,755	8,295	90,765
Agriculture, forestry and fishing	6,007	11		40	1,867	1,837	749		6	10,517
Mining, oil and gas extraction	16,681	172	108	111	18	98	25		37	17,250
Electricity, gas and water supply	18,389	619	15	7,790	925	1,032	3,329	6,466	213	38,778
Other	17,778	802	477	552	318	222	165	975	2,121	23,410
Corporates	295,673	9,434	10,634	14,655	12,748	10,629	18,605	45,352	29,258	446,988
Commercial real estate management	91,736	6	1,131	437	6,242	4,465	7,074	35,566		146,657
Residential real estate management	66,634		46			308	7	8,789		75,784
Housing co-operative associations, Sweden	42,163									42,163
Property Management	200,533	6	1,177	437	6,242	4,773	7,081	44,355		264,604
Public Administration	4,986	8	94	1,166	1,262	99	1,266	42,947	682	52,510
Household mortgage	404,268		4,310		15,300	7,119	18,032		4,648	453,677
Other	25,668	2,471	5,967	961	2,305	1,817	784		2,203	42,176
Households	429,936	2,471	10,277	961	17,605	8,936	18,816		6,851	495,853
TOTAL	972,373	12,619	23,422	18,506	38,111	24,966	46,166	148,092	47,478	1,331,733
Repos, credit institutions										14,167
Repos, general public										75,759
Debt instruments reclassified										31,123
Reserves										-6,157
TOTAL LENDING										1,446,625
2013										
Banks	33,604	617	1,115	1,418	202	814	407	24,656	9,799	72,632
Finance and insurance	26,466	143	1,169	24	154	6	14	10,653	5,246	43,875
Wholesale and retail	25,317	2,084	1,185	444	1,406	2,097	5,978	3,041	2,241	43,793
Transportation	19,914	97	2,785	3	959	1,700	1,993	3,778	131	31,360
Shipping	26,766	17	817	641	361	113	198	55	4,539	33,507
Business and household services	62,390	627	724	156	2,334	2,737	1,503	9,691	657	80,819
Construction	6,561	93	141	23	417	372	426	361	42	8,436
Manufacturing	56,400	1,999	755	2,919	2,585	1,566	4,589	7,225	7,100	85,138
Agriculture, forestry and fishing	5,660	22	1	33	1,571	1,831	653		3	9,774
Mining, oil and gas extraction	11,859	8	43	115	20	93	43			12,181
Electricity, gas and water supply	13,036	229	30	5,504	901	1,380	2,175	7,786	210	31,251
Other	19,369	773	511	631	191	238	167	1,457	1,846	25,183
Corporates	273,738	6,092	8,161	10,493	10,899	12,133	17,739	44,047	22,015	405,317
Commercial real estate management	89,477	6	1,233	467	5,713	4,377	7,465	35,161		143,899
Residential real estate management	66,219		49			383	8	14,653		81,312
Housing co-operative associations, Sweden	40,643									40,643
Property Management	196,339	6	1,282	467	5,713	4,760	7,473	49,814		265,854
Public Administration	6,104	6	100	1,142	1,492	105	1,575	43,037	1,390	54,951
Household mortgage	382,868		2,183		14,068	7,230	17,152	133	3,508	427,142
Other	25,761	2,367	7,588	1,192	2,168	1,767	819	7	2,044	43,713
Households	408,629	2,367	9,771	1,192	16,236	8,997	17,971	140	5,552	470,855
TOTAL	918,414	9,088	20,429	14,712	34,542	26,809	45,165	161,694	38,756	1,269,609
Repos, credit institutions										19,997
Repos, general public										87,436
Debt instruments reclassified										34,684
Reserves										-6,535
TOTAL LENDING										1,405,191

* The geographical distribution is based on where the loan is booked.

Note 18 a ctd. Credit risk

Impaired loans by industry and geography*

Group, 2014	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	2							1		3
Finance and insurance	3	6								9
Wholesale and retail	57				12	72	159	25		325
Transportation					1	11	30	5		47
Shipping	1,980								136	2,116
Business and household services	519	309			8	2	80	2		920
Construction	28				30	10	17	43		128
Manufacturing	251		21		90	44	233	49		688
Agriculture, forestry and fishing						16	5			21
Mining, oil and gas extraction	1					8				9
Electricity, gas and water supply	179							29		208
Other	186		1	1		1		1	111	301
Corporates	3,204	315	22	1	141	164	524	154	247	4,772
Commercial real estate management	72				148	178	718	691		1,807
Residential real estate management	8					6				14
Housing co-operative associations, Sweden	6									6
Property Management	86				148	184	718	691		1,827
Household mortgage			1				70			71
Other		1	29			80			8	118
Households		1	30			80	70		8	189
TOTAL	3,292	316	52	1	289	428	1,312	846	255	6,791

2013

Banks	2	2						1		5
Finance and insurance	3									3
Wholesale and retail	67				16	79	174	32	3	371
Transportation	2		1			13	83	5		104
Shipping									158	158
Business and household services	87	15		1	7	8	153	6		277
Construction	13		1		36	30	39	46		165
Manufacturing	43				76	135	140	339		733
Agriculture, forestry and fishing	1					17	14			32
Mining, oil and gas extraction	1									1
Electricity, gas and water supply	4							28		32
Other	191					8		1	113	313
Corporates	412	15	2	1	135	290	603	457	274	2,189
Commercial real estate management	137				156	110	1,006	978	2	2,389
Residential real estate management	22					6				28
Housing co-operative associations, Sweden	19									19
Property Management	178				156	116	1,006	978	2	2,436
Household mortgage	2						107			109
Other		6	114			53			19	192
Households	2	6	114			53	107		19	301
TOTAL	594	23	116	1	291	459	1,716	1,436	295	4,931

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Portfolio assessed loans past due more than 60 days*

Group, 2014	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	24	11	26	60	24	84	59			288
Household mortgage	277				214	646	722			1,859
Household mortgage restructured					40	1	233			274
Other	802	234	144	1	17	128	61			1,387
Households	1,079	234	144	1	271	775	1,016			3,520
TOTAL	1,103	245	170	61	295	859	1,075			3,808

Note 18 a ctd. Credit risk

Portfolio assessed loans past due more than 60 days*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	21	11	44	39	53	64	65			297
Household mortgage	370				262	840	976			2,448
Household mortgage restructured					41	88	252			381
Other	743	240	130	23	33	109	123			1,401
Households	1,113	240	130	23	336	1,037	1,351			4,230
TOTAL	1,134	251	174	62	389	1,101	1,416			4,527

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Debt instruments

At year-end 2014, SEB's credit exposure in the bond portfolio amounted to SEK 263bn (255). The exposure comprises all interest-bearing instruments at nominal amounts including certain credit derivatives and futures.

Distribution by geography

	Central & local governments		Corporates		Covered bonds		Asset-backed securities		Financials		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sweden	15.3%	5.9%	1.4%	1.8%	21.4%	17.6%	0.0%	0.0%	0.5%	2.8%	38.6%	28.1%
Germany	24.5%	27.2%	1.2%	0.5%	0.9%	1.1%	0.0%	0.1%	0.2%	0.1%	26.8%	29.0%
Denmark	0.5%	1.8%	0.1%	0.3%	11.1%	11.0%	0.0%	0.0%	0.3%	0.0%	12.0%	13.1%
Norway	1.1%	2.3%	0.3%	0.6%	3.6%	3.1%	0.0%	0.0%	1.7%	2.1%	6.7%	8.1%
Finland	1.6%	1.9%	0.3%	0.4%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	2.1%	2.5%
US	1.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.9%	1.3%	0.0%	0.2%	2.5%	2.2%
Netherlands	0.7%	1.0%	0.0%	0.0%	0.3%	0.4%	0.2%	0.2%	0.0%	0.0%	1.2%	1.6%
France	0.2%	0.5%	0.1%	0.2%	0.4%	0.6%	0.0%	0.0%	0.0%	0.0%	0.7%	1.3%
GIIPS ¹⁾	0.1%	0.1%	0.0%	0.0%	1.0%	2.9%	0.8%	1.0%	0.1%	0.0%	2.0%	4.0%
Europe, other	4.7%	6.2%	0.1%	0.2%	0.1%	0.3%	2.2%	2.5%	0.0%	0.1%	7.1%	9.3%
Other	0.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.3%	0.8%
TOTAL	50.5%	48.2%	3.5%	4.0%	39.0%	37.2%	4.2%	5.3%	2.8%	5.3%	100.0%	100.0%

1) Greece, Italy, Ireland, Portugal, Spain.

Distribution by rating

AAA	32.7%	33.7%	0.1%	0.1%	37.1%	32.1%	2.4%	2.8%	0.3%	2.1%	72.6%	70.8%
AA	7.0%	8.0%	0.1%	0.0%	0.6%	0.4%	0.4%	0.7%	0.1%	0.2%	8.2%	9.3%
A	1.7%	0.6%	0.5%	0.6%	0.2%	1.8%	0.5%	0.5%	0.5%	0.7%	3.4%	4.2%
BBB	0.1%	0.8%	0.6%	0.5%	0.6%	1.0%	0.4%	0.5%	0.1%	0.1%	1.8%	2.9%
BB/B	0.0%	0.0%	0.2%	0.1%	0.2%	0.0%	0.3%	0.5%	0.0%	0.0%	0.7%	0.6%
CCC/CC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
No issue rating ¹⁾	9.0%	5.1%	2.0%	2.7%	0.3%	1.9%	0.1%	0.2%	1.8%	2.2%	13.2%	12.1%
TOTAL	50.5%	48.2%	3.5%	4.0%	39.0%	37.2%	4.2%	5.3%	2.8%	5.3%	100.0%	100.0%

1) Mainly German local governments (Bundesländer).

Exposure on GIIPS countries

Group	Greece		Italy		Ireland ¹⁾		Portugal		Spain ^{1) 2)}	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Central & local governments										
Nominal amount			261	272						
Book value			303	257						
Financials										
Nominal amount									344	
Book value									346	
Covered bonds										
Nominal amount									2,705	7,268
Book value									3,136	7,306
Asset-backed securities										
Nominal amount	183	235	221	288	429	589	323	337	1,058	1,204
Book value	179	232	218	283	419	575	320	333	1,025	1,160

1) The interest rate risk in the covered bonds is managed by interest rate swaps where the change in valuation is recognised as Other comprehensive income. The accumulated Other comprehensive income 2014 was SEK -639m (-821).

2) Short positions as of December 2014, nominal amount of SEK -42m and book value SEK -39m, are excluded in the table. Corresponding amount as of December 2013 was nominal amount SEK -146m and book value -157m.

18b MARKET RISK

Definition

Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange rates, credit spreads, commodity and equity prices, including price risk in connection with the sale of assets or closing of positions. A clear distinction is made between market risks related to trading activity, i.e., trading book risks, and structural market and net interest income risks, i.e., banking book risks. Whereas the trading book is under a daily mark-to-market regime, positions in the banking book are typically held at amortised cost.

Risk management

Market risks in the trading book arise from SEB's customer-driven trading activity and in the liquidity portfolio. The trading activity is carried out by Merchant Banking in its capacity as market maker in international foreign exchange, equity and capital markets. The liquidity portfolio which is managed by the treasury function consists of investments in pledgeable and highly liquid bonds.

Market risk in the banking book arises as a result of balance sheet mismatches in currencies, interest terms and interest rate periods. The treasury function has overall responsibility for managing these risks, which are consolidated centrally.

Market risk also arises in the bank's pension obligations as a result of mismatches between defined benefit plan assets and liabilities. The market value

of plan assets fluctuates with changes in, e.g., equity prices, while the present value of pension liabilities is affected by changes in interest rates. Lower interest rates increase the present value of future obligations. Market risks in the pension obligations and the life insurance business are not included in the market risk figures below. Refer to note 18e for information on market risk in the life insurance business.

The Board of Directors defines how much market risk is acceptable by setting the overall market risk tolerance, risk limits and general instructions. The market risk tolerance and limits are defined for the trading book, banking book and defined benefit plans. The Group Risk Committee delegates the market risk mandate to the divisions and the treasury function, which in turn further allocates the limits internally.

The market risk control function measures, follows up and reports the market risk taken by the various units within the Group on a daily basis. Market risks are reported on a monthly basis to the Group Risk Committee and the Board's Risk and Capital Committee. The trading book risks are managed at the different trading locations within a comprehensive set of limits in VaR, sensitivities, stop-loss and stress tests. The market risk control function is present in the trading rooms and monitors limit compliance and market prices at closing, as well as valuation standards and the introduction of new products.

Market risk

SEB is exposed to the following risk types:

Risk type	Defined as the risk of loss or reduced income due to	Source
Interest rate risk	Changes in interest rates	Inherent in all banking business
Credit spread risk	A change in the credit worthiness of an issuer of, for instance, a bond or a credit derivative	Primarily present in the Bank's bond holdings
Foreign exchange risk	Variations in the exchange rates	Foreign exchange trading and the Bank's operations in various markets
Equity price risk	Variations in equity prices	Market making and customer activity in equities and equity derivatives
Commodities risk	Variations in commodity prices	Customer-driven activities in commodities
Volatility risk	Changes in implied volatility	Market making and customer activity of options across all asset classes
Credit value adjustment*	Variations in the counterparty credit risk based on the expected future exposure	OTC derivative contracts

* Credit value adjustment is fundamentally credit risk, but the exposure is calculated using market risk drivers (interest rate, currency, etc.).

Risk measurement

When assessing market risk exposure, SEB uses measures that capture losses under normal market conditions as well as measures that focus on extreme market situations. Market risks under normal market circumstances are measured using Value at Risk (VaR) as well as specific measures that are relevant for the various types of risk. These measures are complemented by stress tests and scenario analyses, in which potential losses under extreme market conditions are estimated. Since no measurement method can cover all risks at all times, several approaches are used, and the results are assessed based on judgment and experience.

Value at Risk and Stressed Value at Risk

VaR expresses the maximum potential loss that could arise during a certain time period with a given degree of probability. SEB uses a historical simulation VaR model with a ten-day time horizon and 99 per cent confidence interval to measure, control and report VaR. The model aggregates market risk exposure for all risk types and covers a wide range of risk factors in all asset classes. SEB also uses a stressed VaR measure, where VaR calculations for the current portfolio are performed using market data from a historic, turbulent time period covering the Lehman Brothers default (April 2008–April 2009).

Value at risk

Trading Book (99%, ten days)	Min	Max	31 Dec 2014	31 Dec 2013	Average 2014	Average 2013
Commodities risk	5	52	19	15	14	15
Credit spread risk	47	109	59	106	70	102
Equity risk	12	77	16	19	23	29
Foreign exchange risk	13	94	30	62	31	42
Interest rate risk	34	118	66	44	60	65
Volatilities risk	23	49	32	33	34	64
Diversification			-131	-162	-134	-175
TOTAL	58	142	91	117	98	141
Banking Book (99%, ten days)						
Credit spread risk	95	215	95	214	143	159
Equity risk	23	49	29	26	28	24
Foreign exchange risk		20	-	2	1	2
Interest rate risk	161	269	173	182	198	234
Volatilities risk		1		1		1
Diversification			-85	-108	-110	-126
TOTAL	200	342	212	317	260	294

Note 18 b ctd. Market risk

The limitation of VaR is that it uses historical data to estimate potential market changes. As such it may not predict all outcomes, especially in a rapidly changing market. Also, VaR does not take into account any actions to reduce risk as the model assumes that the portfolio is unchanged. The VaR and stressed VaR models have been approved by the Swedish Financial Supervisory Authority for calculation of legal capital requirements for all the general market risks in the Bank's trading book, for the Bank's parent bank and the subsidiary Skandinaviska Enskilda Banken S.A in Luxembourg. The VaR model is validated using back-testing analysis.

Stress tests and scenario analysis

Scenario analysis and stress tests are a key part of the risk management framework, complementing the VaR measure, which is not designed to identify worst case losses. In particular, they test the portfolios using scenarios other than those available in the VaR simulation window, and cover longer time horizons. SEB stresses its portfolios by applying extreme movements in market factors which

have been observed in the past (historical scenarios) as well as extreme movements that could potentially happen in the future (hypothetical or forward-looking scenarios). Reverse stress tests are also used for the total trading portfolio as well as for individual divisions and business units, to identify scenarios that would lead to a given significant loss, for instance, the breach of a stop loss limit.

Specific risk measures

VaR and stress tests are complemented by specific risk measures including Delta 1% for interest risk, and single and aggregated FX for currency risk. Delta 1% is a measure of interest rate risk that is calculated for all interest rate-based products and is defined as the change in market value arising from an adverse one percentage point parallel shift in all interest rates in each currency.

In addition, all units that handle risk for market valued financial instruments are limited by a stop-loss limit. The stop-loss limit indicates the maximum loss a unit can incur before the risk is reduced or eliminated.

Interest rate risk – repricing periods

The net interest income risk depends on the overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods.

The net interest income sensitivity is calculated based on the contractual repricing periods. In the table assets and liabilities which influence the net interest income have been allocated to time-slots based on remaining maturity.

An exception has been made for the assets and liabilities in the life insurance business which are placed in the column "Insurance". Assets and liabilities without contractual repricing periods are placed in the column "< 1 month" while assets and liabilities that do not effect net interest income are placed in the column "Non-interest bearing".

Repricing periods

Group, 2014										
Assets	<1 month	1<3 months	3<6 months	6<12 months	1<3 years	3<5 years	> 5 years	Non-interest bearing	Insurance	Total
Cash, cash balances and other lending to central banks	119,915									119,915
Loans to credit institutions	58,651	7,072	6,533	6,162	5,971	4,257	1,331	80	888	90,945
Loans to the public	283,471	234,855	114,239	158,680	302,785	144,842	104,596	12,212		1,355,680
Other financial assets	103,021	41,228	28,270	47,252	125,909	68,288	109,138	118,146	383,214	1,024,466
Other assets	11,834	44	30	5	599	103	203	16,929	20,493	50,240
TOTAL	576,892	283,199	149,072	212,099	435,264	217,490	215,268	147,367	404,595	2,641,246
Liabilities and equity										
Deposits from credit institutions	78,616	11,760	13,361	1,187	2,387	1,430	4,986		1,459	115,186
Deposits from the public	758,228	65,089	28,295	11,172	20,501	18,698	22,145	12,508		936,636
Borrowing from the public	6,478									6,478
Issued securities	54,714	126,987	92,984	27,902	168,228	178,574	80,739			730,128
Other liabilities	58,480	23,523	13,208	9,877	40,567	39,931	103,581	26,873	402,202	718,242
Total equity								134,576		134,576
TOTAL	956,516	227,359	147,848	50,138	231,683	238,633	211,451	173,957	403,661	2,641,246
Interest rate sensitive, net	-379,625	55,840	1,224	161,961	203,581	-21,143	3,817	-26,589	934	
Cumulative sensitive	-379,625	-323,785	-322,561	-160,600	42,981	21,838	25,655	-934	0	
2013										
Assets										
Cash, cash balances and other lending to central banks	183,611									183,611
Loans to credit institutions	68,807	6,983	6,882	4,709	7,392	3,707	2,806	690	647	102,623
Loans to the public	258,500	200,289	102,427	142,016	330,615	148,777	107,272	12,672		1,302,568
Other financial assets	154,547	17,176	24,180	31,483	117,600	56,111	98,222	21,622	324,847	845,788
Other assets	11,616				535	259	328	17,897	19,609	50,244
TOTAL	677,081	224,448	133,489	178,208	456,142	208,854	208,628	52,881	345,103	2,484,834
Liabilities and equity										
Deposits from credit institutions	131,988	21,615	12,146	1,278	1,872	2,192	5,098	2		176,191
Deposits and borrowing from the public	658,331	80,242	24,339	19,207	19,464	13,933	33,711	248		849,475
Issued securities	47,567	127,526	151,122	28,830	172,003	140,678	69,026	47		736,799
Other liabilities	54,706	3,335	5,595	3,432	48,151	33,581	92,531	26,157	332,067	599,555
Total equity								122,814		122,814
TOTAL	892,592	232,718	193,202	52,747	241,490	190,384	200,366	149,268	332,067	2,484,834
Interest rate sensitive, net	-215,511	-8,270	-59,713	125,461	214,652	18,470	8,262	-96,387	13,036	
Cumulative sensitive	-215,511	-223,781	-283,494	-158,033	56,619	75,089	83,351	-13,036		

The presentation of deposits and borrowing to the public has been separated in this table which is a change compared to the Annual report 2013.

18c OPERATIONAL RISK

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (e.g., breakdown of IT systems, mistakes, fraud, other deficiencies in internal control) or from external events (natural disasters, external crime, etc.).

Risk management

SEB uses an IT-based infrastructure for managing operational risk, security issues and compliance. Employees are required to register risk-related events so that risks can be properly identified, assessed, monitored and mitigated. All business and support units regularly perform self-assessments according to a group-wide methodology in order to identify and mitigate significant risks embedded in the organisation's various business and support processes. Through a joint New Product Approval Process (NPAP) for all new or changed products, processes and/or systems, operational risks are identified and mitigated to protect SEB from entering into unintended risk-taking that cannot be immediately managed by the organisation.

SEB conducts regular training and education in key areas, including information security, fraud prevention, anti-money laundering, know-your-customer procedures and SEB's Code of Business Conduct. SEB has a formal whistle-

blower procedure that encourages employees to report improprieties and unethical or illegal conduct. SEB's structured approach to working with operational risk has resulted in improved processes over the years; however, it is essential to make continuous improvements in order to mitigate operational risks. During 2014, focus was mainly on improving the risk assessment and steering of outsourced activities and the review of SEB's critical processes. Cybercrime and organized crime have increased in recent years and SEB works continuously to improve processes and controls to meet these risks.

The risk control function is responsible for measuring and reporting SEB's operational risk. The risk level is analysed quarterly and reported to the Group Executive Committee, the Group Risk Committee and the Board's Risk and Capital Committee.

Risk measurement

SEB uses the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risk. The AMA model is also used to calculate economic capital for operational risk, but with a higher confidence level and the inclusion of loss events relevant for the life insurance operations. The total operational losses in 2014 amounted to SEK 311m (234).

18d BUSINESS RISK

Definition

Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition.

Business risk includes venture decision risk (related to undertakings such as acquisitions, large IT projects, transformations, outsourcing, etc.). Strategic risk is close in nature to business risk, but focuses on large-scale or structural risk factors. Reputational risk is the risk arising from negative perception of SEB or the industry in general.

Risk management

Business risk is a fundamental part of doing business and SEB continuously

works to mitigate business, strategic and reputational risks in many ways, for example, with proactive cost management. Strategic reviews are performed regularly of all business areas, which for example resulted in the divestments of the retail operations in Germany and Ukraine. In addition, the Bank's IT development methodology has changed from large projects to an agile, step-by-step, process in order to maintain flexibility.

Risk measurement

Business risk is measured in economic capital terms based on earnings volatility.

18e INSURANCE RISK

Definition

Insurance risk consists of all risk related to SEB's insurance operations. The main risk types are market risk, underwriting risk and operational risk.

Market risk in the insurance business consists of the risk for losses on traditional life insurance policies with guaranteed benefits due to changes in fair value of assets and liabilities. Such changes in fair value can be caused by changes in interest rates, credit spreads, equity prices, property values, exchange rates and implied volatilities.

Underwriting risk pertains to the risk of loss or of negative changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes such factors as average mortality, longevity, disability/morbidity (including risks that result from fluctuation in the timing and amount of claim settlements), catastrophe risk (e.g., extreme or irregular events), expense risk and lapse risk (i.e., policyholder behaviour risk).

Risk management

SEB's life insurance operations consist of unit-linked insurance and traditional life insurance. In unit-linked insurance, the market risk is borne by the policyholder, while the underwriting risk is negligible. The main risks in SEB's traditional life insurance products with guaranteed returns consist of market risk and underwriting risk. The difference between asset values and the guaranteed obligations constitutes a buffer, which is intended to cover SEB's risk. Market risk in traditional life insurance products with guaranteed returns is mitigated through standard market risk hedging schemes and monitored through scenar-

io analyses. Underwriting risks are controlled through the use of actuarial analysis and stress tests of the existing insurance portfolio. Mortality and disability/morbidity risks are reinsured for large individual claims or for several claims attributable to the same event.

The risk control function is responsible for measuring and controlling the risks in SEB's life insurance operations and reports the most important risks on a quarterly basis to the Group Risk Committee, the Risk and Capital Committee and to the boards of SEB's respective insurance companies.

Risk measurement

Traditional asset/liability management (ALM) risk measures used by the insurance industry are monitored on a regular basis for each insurance company. This is supplemented by market risk measures such as VaR, scenario analysis and stress tests.

The Swedish and Danish Financial Supervisory Authorities use a "traffic light system" to evaluate the ALM risk in life insurance companies. These systems are regulatory tools for identifying insurance companies in need of closer monitoring of the relation between their assets and liabilities. None of SEB's Swedish and Danish companies have been identified for such closer monitoring.

Solvency II, the new regulatory framework for insurance companies, has been further delayed until 2016. To ensure alignment and proper preparations throughout the insurance industry, the European Insurance and Occupational Pension Authority (EIOPA) has issued interim guidelines. SEB's work to prepare and implement the Solvency II framework is progressing according to plan.

18f LIQUIDITY RISK

Definition

Liquidity risk is the risk that the Group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the Group is forced to borrow at unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

Liquidity management and measurement

The Board of Directors has established a comprehensive framework for managing the Bank's liquidity requirements in the short- and long-term. The aim of SEB's liquidity risk management is to ensure that the Group has a controlled liquidity risk situation, with adequate volumes of liquid assets in all relevant currencies to meet its liquidity requirements in all foreseeable circumstances, without incurring substantial cost.

The liquidity risk is managed through the limits set by the Board which are further allocated by the Group Risk Committee. Liquidity limits are set for the Group, branches and specific legal entities, as well as for exposures in certain currencies. The treasury function has the overall responsibility for liquidity management and funding, supported by local treasury centers in the Group's major markets. The risk function regularly measures and reports limit utilisation as well as liquidity stress tests to the Group Risk Committee and the Board's Risk and Capital Committee.

Liquidity management and the structuring of the balance sheet from a liquidity point of view are built on three basic perspectives: (i) the structural liquidity perspective, in which stable funding is put in relation to illiquid assets; (ii) the Bank's tolerance for short-term stress in the form of a shutdown of the wholesale and interbank funding markets (wholesale funding dependence); and, (iii) the Bank's tolerance to a severe stress scenario where, in addition to a shutdown of the funding market, the Bank experiences a severe outflow of deposits.

Structural liquidity risk

In order to maintain a sound structural liquidity position, the structure of the liability side should be based on the composition of assets. The more long-term lending and other illiquid assets, the more stable funding is required. In SEB, this is measured as the Core Gap ratio, which is conceptually equivalent to the Basel Committee's Net Stable Funding Ratio (NSFR), i.e., a ratio between stable funding (>1 year) and illiquid assets (>1 year). The difference between the internal Core Gap ratio and the external NSFR is that the Core Gap ratio is calculated and parameterised on a more detailed level based on internal statistics and that

the weightings of available stable funding and required stable funding differ. To complement the Core Gap ratio and gain an understanding of how regulators, rating agencies and other external stakeholders view the Bank's structural liquidity position, SEB also monitors the NSFR and other structural liquidity risk metrics.

Wholesale funding dependence

One way of measuring tolerance for deteriorating market conditions is to assess the time that SEB's liquid assets would last if the wholesale and interbank funding markets were closed. This can be expressed as a ratio which measures the Bank's liquid assets in relation to wholesale funding and net interbank borrowings that come to maturity over the coming months, or as the number of months it would take to deplete the liquid assets in a scenario where all maturing funding must be repaid from liquid assets. The main advantage of this measurement is that only contractual information is used and no assumptions are required. In addition it can be measured as a Loan to deposit ratio, excluding repos and reclassified debt securities.

Stressed survival horizon

Severe stress can be modelled by combining assumptions of a wholesale funding market shutdown with assumptions of deposit outflows and drawdowns on commitments, etc. This can be measured by the Basel Committee's Liquidity Coverage Ratio (LCR) where, in a stressed scenario, modelled net outflows during a 30-day period are related to the amount of total liquid assets. Another way to measure this is to calculate the time it would take for the liquid assets to be depleted in a severely stressed scenario and express the result as a survival period. SEB monitors both the LCR and a similar internal survival metric, in addition to other internal and external metrics and scenarios of short-term liquidity such as various rating agencies' survival metrics.

Internal liquidity adequacy assessment process

Liquidity risk is not primarily mitigated by capital. However, there are strong links between a bank's capital and liquidity position. Hence, a liquidity adequacy assessment process (ILAAP) is part of the ICAAP. The ILAAP is designed to identify potential gaps against SEB's long-term desired level of liquidity adequacy, taking into account that effective liquidity management is an ongoing improvement process.

Liquidity reserve¹⁾

	2014					2013				
	SEK	EUR	USD	Other	Total	SEK	EUR	USD	Other	Total
Cash and holdings in central banks	1,045	37,822	51,666	29,382	119,915	2,386	30,649	126,620	23,955	183,610
Deposits in other banks available overnight	1,182	4,096	6,986	9,161	21,425	4,522	2,508	2,155	5,834	15,019
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	17,244	22,786	6,184	5,367	51,581	3,277	30,372	4,508	9,921	48,078
Securities issued or guaranteed by municipalities or other public sector entities	10,883	39,599	2,837	7	53,326	7,464	42,589	226	123	50,402
Covered bonds issued by other institutions	61,294	12,743	95	77,880	152,012	50,009	17,505	333	73,726	141,573
Covered bonds issued by SEB	2,214	260		110	2,584	6,755	379		115	7,249
Securities issued by non-financial corporations	76	2,666	814		3,556		2,247	1,119		3,366
Securities issued by financial corporations (not including covered bonds)		4,727	885		5,612	3,729	7,281	1,580	3,459	16,049
TOTAL	93,938	124,699	69,467	121,907	410,011	78,142	133,530	136,541	117,133	465,346

1) The liquidity reserve is presented in accordance with the template defined by the Swedish Bankers' Association.

Liquidity management measures

	2014	2013
Core gap ratio ¹⁾	119%	114%
Loan to deposit ratio	134%	142%
Liquidity coverage ratio	115%	129%

1) Core gap ratio represents the parent company, SEB AG, SEB Pank AS (Estonia), SEB Banka (Latvia) and SEB bankas AB (Lithuania).

Note 18 f ctd. Liquidity risk

Contractual maturities

The following tables present cash flows by remaining contractual maturities at the balance sheet date and applies the earliest date which the Group can be required to pay regardless of probability assumptions. The cash flows are not

discounted. Derivatives are reported at fair value. Off-balance sheet items such as loan commitments are reported as when the obligation matures.

Group, 2014

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months ¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Insurance ²⁾	Subtotal	Discount effect	Total
Cash and balances with central banks	103,098							103,098		103,098
Other Lending to Central Banks		16,854						16,854	-37	16,817
Loans to credit institutions	19,231	42,879	14,637	12,434	1,413	6	888	91,488	-543	90,945
<i>of which eligible debt instruments</i>		427	3,023	2,146				5,596	-118	5,478
<i>of which other debt instruments</i>			2,131	1,575				3,706	-85	3,621
<i>of which repos</i>		14,199						14,199	-31	14,168
General governments	26,972	10,283	3,603	16,666	9,460	1		66,985	-2,677	64,308
Households	6,513	145,745	132,618	209,025	48,726	312		542,939	-24,377	518,562
Corporates	41,426	136,246	147,566	372,558	120,464	730		818,990	-46,180	772,810
Loans to the public	74,911	292,274	283,787	598,249	178,650	1,043		1,428,914	-73,234	1,355,680
<i>of which eligible debt instruments</i>				7,762	4,494			12,256	-740	11,516
<i>of which other debt instruments</i>		54	2,921	752	7,269			10,996	-784	10,212
<i>of which repos</i>		76,265	1					76,266	-507	75,759
Debt instruments		30,085	48,955	138,981	36,244		76,433	330,698	-9,543	321,155
<i>of which eligible debt instruments</i>		18,739	17,659	33,353	20,723			90,474	-3,600	86,874
<i>of which other debt instruments</i>		9,914	30,966	105,635	15,519		75,665	237,699	-5,942	231,757
Equity instruments						116,107	12,967	129,074		129,074
Derivatives		68,545	24,298	69,738	76,189		34,741	273,511		273,511
Financial assets – policyholders bearing the risk							258,945	258,945		258,945
Financial assets at fair value	0	98,630	73,253	208,719	112,433	116,107	383,086	992,228	-9,543	982,685
Other		33,532	240	5,749	5,250	27,043	20,621	92,435	-414	92,021
<i>of which other financial assets</i>		32,462	140	5,742	3,720	3	128	42,195	-414	41,781
<i>of which eligible debt instruments</i>					101			101	-10	91
Total assets	197,240	484,169	371,917	825,151	297,746	144,199	404,595	2,725,017	-83,771	2,641,246
Deposits by credit institutions	37,014	53,417	14,727	4,029	5,448	3	1,459	116,097	-911	115,186
<i>of which repos</i>		5,555						5,555	-18	5,537
General governments	25,192	25,867	13,301	295	1,991			66,646	-295	66,351
Households	172,010	58,649	13,701	2,369	3			246,732	-300	246,432
Corporates	387,149	171,121	15,540	37,632	21,709			633,151	-2,820	630,331
Deposits and borrowings from the public	584,351	255,637	42,542	40,296	23,703			946,529	-3,415	943,114
<i>of which deposits</i>	489,049	196,712	18,851	4,716	10,397			719,725	-1,396	718,329
<i>of which borrowing</i>		6,246	23	24	214			6,507	-30	6,477
<i>of which repos</i>		5,900						5,900	-14	5,886
Liabilities to policyholders							259,275	259,275		259,275
Certificates		156,086	55,986	2,992		46		215,110	-1,456	213,654
Covered bonds			48,869	242,496	50,875			342,240	-15,580	326,660
Other bonds ²⁾		9,928	13,334	112,313	20,831			156,406	-6,857	149,549
Issued securities		166,014	118,189	357,801	71,706	46		713,756	-23,893	689,863
Debt instruments		2,857	225	14,909	9,415			27,406	-1,591	25,815
Equity instruments						15,237		15,237		15,237
Derivatives		63,936	24,157	58,955	59,459		31,205	237,712		237,712
Financial liabilities at fair value		66,793	24,382	73,864	68,874	15,237	31,205	280,355	-1,591	278,764
Other		29,450	899	4,825	4,956	28,350	111,723	180,203		180,203
<i>of which other financial liabilities</i>		25,645	65	4,980	4,864	11	63	35,628	-657	34,971
Subordinated liabilities		5,126	5,601	13,427	24,844			48,998	-8,733	40,265
Equity						134,576		134,576		134,576
Total Liabilities and Equity	621,365	576,437	206,340	494,242	199,531	178,212	403,662	2,679,789	-38,543	2,641,246
Off balance sheet items										
Loan commitments	41,307	116,432	230,076	4,697	15	1,291		393,818		393,818
Acceptances and other financial facilities	1,951	74,778	24,618	11,746	12,551			125,644		125,644
Operating lease commitments		109	1,572	1,492	287			3,460		3,460
Total liabilities, equity and off-balance sheet items	664,623	767,756	462,606	512,177	212,384	179,503	403,662	3,202,711	-38,543	3,164,168

Note 18 f ctd. Liquidity risk

Group, 2013

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months ¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Insurance ²⁾	Subtotal	Discount effect	Total
Cash and balances with central banks	173,950							173,950		173,950
Other Lending to Central Banks		9,680						9,680	-19	9,661
Loans to credit institutions	34,255	39,656	10,627	17,958			647	102,277	-520	102,623
of which eligible debt instruments										0
of which other debt instruments							647	647		647
of which repos		20,036						20,036	-39	19,997
General governments	27,465	9,606	5,668	16,138	8,713			67,590	-2,844	64,746
Households	5,537	118,570	111,661	238,231	47,531			521,530	-28,311	493,219
Corporates	46,488	185,202	118,233	327,446	114,012			791,381	-46,778	744,603
Loans to the public	79,490	313,378	235,562	581,815	170,256			1,380,501	-77,933	1,302,568
of which eligible debt instruments				8,027	2,480			10,507	-581	9,926
of which other debt instruments		7	7	3,097	10,766			13,877	-1,251	12,626
of which repos		88,094						88,094	-658	87,436
Debt instruments		20,163	37,757	133,285	55,245		56,172	302,622	-11,663	290,959
of which eligible debt instruments		10,695	17,551	31,064	23,361			54,771	-3,952	50,819
of which other debt instruments		6,607	20,206	102,221	31,884		56,172	217,090	-7,712	209,378
Equity instruments						136,762	20,966	157,728		157,728
Derivatives		31,410	8,585	49,300	40,796		12,685	142,778		142,778
Financial assets – policyholders bearing the risk							234,062	234,062		234,062
Financial assets at fair value		51,573	46,342	182,585	96,041	136,762	323,885	837,190	-11,663	825,527
Other		28,187		1,585	105	26,548	14,138	70,563	-58	70,505
of which other financial assets		19,686			95		241	20,022	-48	19,974
of which other debt instruments					95			95	-10	85
Total assets	287,695	442,474	292,531	783,943	266,402	163,310	338,670	2,575,027	-90,193	2,484,834
Deposits by credit institutions		153,602	13,820	4,324	5,492			177,238	-1,047	176,191
of which repos								0		0
General governments	23,415	29,353	18,144	241	1,181			72,334	-366	71,968
Households	80,060	133,373	7,803	2,252	559			224,047	-607	223,440
Corporates	375,881	102,625	15,601	29,667	34,469			558,243	-4,176	554,067
Deposits and borrowings from the public	479,356	265,351	41,548	32,160	36,209			854,624	-5,149	849,475
of which deposits	89,045	572,484	47,413	33,465	35,256			777,663	-6,133	771,530
of which borrowing		75,713	129	78				75,920	-242	75,678
of which repos		11,328						11,328	-36	11,292
Liabilities to policyholders							315,512	315,512		315,512
Certificates		156,034	107,109	4,877				268,020	-2,269	265,751
Covered bonds		9,834	39,181	228,311	47,487			324,813	-15,287	309,526
Other bonds ²⁾		10,895	24,495	84,198	25,832			145,420	-6,707	138,713
Issued securities		176,763	170,785	317,386	73,319			738,253	-24,263	713,990
Debt instruments		1,876	975	14,987	16,123			33,961	-2,406	31,555
Equity instruments						44,231		44,231		44,231
Derivatives		33,852	9,225	48,480	34,948		11,654	138,159		138,159
Financial liabilities at fair value		35,728	10,200	63,467	51,071	44,231	11,654	216,351	-2,406	213,945
Other		33,856	8,147	21,008	1,736	1,069	4,366	70,182	-84	70,098
of which other financial liabilities		30,397						30,397		30,397
Subordinated liabilities		3,891		14,289	9,679			27,859	-5,050	22,809
Equity						122,814		122,814		122,814
Total Liabilities and Equity	479,356	669,191	244,500	452,634	177,506	168,114	331,532	2,522,833	-37,999	2,484,834
Off balance sheet items										
Loan commitments		297,415	876	208	1,055			299,554		299,554
Acceptances and other financial facilities		33,004	1,266	738	64			35,072		35,072
Operating lease commitments			192	668	324			1,184		1,184
Total liabilities, equity and off-balance sheet items	479,356	999,610	246,834	454,248	178,949	168,114	331,532	2,858,643	-37,999	2,820,644

1) Includes items available overnight (O/N).

2) The cashflows from insurance assets is expected to be sufficient to meet the cash flows that insurance liabilities gives rise to over time.

3) The Group issues equity index linked bonds, which contains both a liability and an equity component. The Group has chosen to designate issued equity index linked bonds, with fair values amounting to SEK 31,547m (29,997), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the parent company are SEK 27,968m (25,417). This choice implies that the entire hybrid contract is measured at fair value in profit or loss. Fair value for those financial instruments is calculated using a valuation technique, exclusively based on quoted market prices. The Group's contractual liability is SEK 28,719m (28,749) and for the parent company SEK 25,519m (23,868). The accumulated impact from reflecting the Group's own credit standing in the fair value measurement amounts to SEK 594m (551), of which SEK 35m (192) relates to 2014. The corresponding amount for the parent company is SEK 469m (445), of which SEK 24m (164) relates to 2014.

Note 18 f ctd. Liquidity risk

Parent company, 2014

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Insurance	Subtotal	Discount effect	Total
Cash and balances with central banks	59,454							59,454	-284	59,170
Loans to credit institutions	1,327	124,856	43,147	25,251	375			194,956	-671	194,285
of which eligible debt instruments								0		0
of which other debt instruments			1,912	1,570				3,482	-76	3,406
of which repos		10,099						10,099	-13	10,086
General governments	531	6,013	509	6,583	2,857			16,493	-854	15,639
Households	4,945	135,836	121,065	191,895	11,691			465,432	-15,855	449,577
Corporates	41,665	152,294	115,263	241,860	68,376			619,458	-27,867	591,591
Loans to the public	47,141	294,143	236,837	440,338	82,924			1,101,383	-44,576	1,056,807
of which eligible debt instruments				5,876	2,606			8,482	-449	8,033
of which other debt instruments		47	2,911	721	7,217			10,896	-726	10,170
of which repos		76,209						76,209	-462	75,747
Debt instruments		27,590	43,671	114,776	27,695			213,732	-7,183	206,549
of which eligible debt instruments		16,299	12,869	18,517	14,061			61,746	-2,313	59,433
of which other debt instruments		9,740	30,212	89,611	11,066			140,629	-4,768	135,861
Equity instruments						133,565		133,565		133,565
Derivatives		69,032	24,524	70,110	78,383			242,049		242,049
Financial assets at fair value		96,622	68,195	184,886	106,078	133,565		589,346	-7,183	582,163
Other		21,875	1,666	15,612	23,026	31,538		93,717		93,717
of which other financial assets		21,875	1,666	15,612	23,026			62,179		62,179
Total assets	107,922	537,496	349,845	666,087	212,403	165,103		2,038,856	-52,714	1,986,142
Deposits by credit institutions	43,303	54,961	27,720	10,042	9,637			145,663	-887	144,776
of which repos		5,493						5,493	-7	5,486
General governments	5,874	5,389	261	245	1,717			13,486	-90	13,396
Households	138,200	41,679	6,978	1,056				187,913	-717	187,196
Corporates	330,442	155,427	10,180	3,490	8,348			507,887	-2,027	505,860
Deposits and borrowings from the public	474,516	202,495	17,419	4,791	10,065			709,286	-2,834	706,452
of which deposits	474,515	196,260	17,419	4,791	10,065			703,050	-2,827	700,223
of which borrowing		6,229						6,229	-7	6,222
of which repos		5,892						5,892	-7	5,885
Certificates		156,950	55,982	2,743				215,675	-1,515	214,160
Covered bonds		6,969	49,369	232,877	48,888			338,103	-15,682	322,421
Other bonds		11,517	13,246	108,681	19,345			152,789	-6,851	145,938
Issued securities		175,436	118,597	344,301	68,233			706,567	-24,048	682,519
Debt instruments		2,561	104	12,254	7,430			22,349		22,349
Equity instruments		145			13,378			13,523		13,523
Derivatives		63,657	24,385	59,011	64,585			211,638		211,638
Financial liabilities at fair value		66,363	24,489	71,265	85,393			247,510		247,510
Other		25,326	2	4,817	2,457	40,629		73,231		73,231
of which other financial liabilities		25,326	2	4,817	2,457			32,602		32,602
Subordinated liabilities		5,053	5,605	13,460	24,985			49,103	-8,912	40,191
Equity						91,463		91,463		91,463
Total Liabilities and Equity	517,819	529,634	193,832	448,676	200,770	132,092		2,022,823	-36,681	1,986,142
Off balance sheet items										
Loan commitments	2,056	39,576	21,561	172,829	21,738			257,760		257,760
Acceptances and other financial facilities	270	6,667	1,481	821	591			9,830		9,830
Operating lease commitments								0		0
Total liabilities, equity and off-balance sheet items	520,145	575,877	216,874	622,326	223,099	132,092		2,290,413	-36,681	2,253,732

Note 18 f ctd. Liquidity risk

Parent company, 2013

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months ¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Insurance	Subtotal	Discount effect	Total
Cash and balances with central banks	135,931							135,931	–622	135,309
Loans to credit institutions	43,359	72,818	42,993	24,664	194			184,029	–716	183,312
<i>of which eligible debt instruments</i>										
<i>of which other debt instruments</i>				3,812				3,812	–154	3,658
<i>of which repos</i>	16,692							16,692	–76	16,616
General governments	362	6,144	1,338	6,375	4,128			18,347	–1,207	17,140
Households	7,463	125,943	107,403	219,493	7,239			467,541	–19,399	448,142
Corporates	34,903	144,686	92,523	237,973	69,538			579,623	–31,717	547,906
Loans to the public	42,728	276,773	201,264	463,841	80,905			1,065,511	–52,323	1,013,188
<i>of which eligible debt instruments</i>				5,559	2,481			8,040	–485	7,555
<i>of which other debt instruments</i>	217		4	3,595	10,773			14,589	–1,282	13,307
<i>of which repos</i>	89,954							89,954	–2,527	87,427
Debt instruments	2	17,759	34,410	118,780	34,894			205,845	–8,962	196,883
<i>of which eligible debt instruments</i>		9,741	15,070	18,102	17,571			60,484	–2,807	57,677
<i>of which other debt instruments</i>	2	6,290	19,341	100,678	17,323			143,634	–6,148	137,486
Equity instruments						120,305		120,305		120,305
Derivatives	25,846	4,228	9,218	45,149	37,826	11,461		133,728		133,728
Financial assets at fair value	25,848	21,987	43,628	163,929	72,720	131,766		459,878	–8,962	450,916
Other	19,359					102,074		121,433		121,433
<i>of which other financial assets</i>								0		0
Total assets	267,225	371,578	287,885	652,434	153,819	233,840		1,966,781	–62,623	1,904,158
Deposits by credit institutions	131,207	54,048	3,360	11,783	10,939			211,337	–1,100	210,237
<i>of which repos</i>	9,149							9,149	–40	9,109
General governments	1,929	4,217	79	6	915			7,146	–68	7,079
Households	106,153	75,551	4,341	1,881	566			188,492	–1,005	187,487
Corporates	243,133	152,839	10,094	5,554	7,649			419,269	–2,601	416,668
Deposits and borrowings from the public	351,215	232,607	14,514	7,441	9,130			614,907	–3,674	611,234
<i>of which deposits</i>	348,635	219,523	14,435	7,306	8,681			598,580	–3,651	594,929
<i>of which borrowing</i>		11,653						11,653	–22	11,631
<i>of which repos</i>		11,313						11,313	–21	11,292
Certificates	1,114	2,605	22,309	83,970	23,820			133,818	–7,052	126,766
Covered bonds	3,088		47,322	223,424	46,959			320,793	–16,606	304,187
Other bonds	1,136	161,948	107,716	4,897				275,697	–2,562	273,135
Issued securities	5,338	164,553	177,347	312,291	70,779			730,308	–26,220	704,088
Debt instruments	1,517	468	1,192	17,047	8,438			28,662		28,662
Equity instruments						43,301		43,301		43,301
Derivatives	28,308	6,142	9,753	47,036	35,233	3,270		129,742		129,742
Financial liabilities at fair value	29,825	6,610	10,945	64,083	43,671	46,571		201,705		201,705
Other	29,699					17,006		46,705		46,705
<i>of which other financial liabilities</i>								0		0
Subordinated liabilities		3,890		14,142	9,582			27,614	–4,875	22,739
Equity						107,450		107,450		107,450
Total Liabilities and Equity	547,284	461,708	206,166	409,740	144,101	171,027		1,940,026	–35,868	1,904,158

Off balance sheet items

Loan commitments	214,982							214,982		214,982
Acceptances and other financial facilities	8,914							8,914		8,914
Operating lease commitments								0		0
Total liabilities, equity and off-balance sheet items	771,180	461,708	206,166	409,740	144,101	171,027		2,163,922	–35,868	2,128,054

1) Includes items available overnight (O/N).

Note 18 f ctd. Liquidity risk

Average remaining maturity (years)	Group		Parent company	
	2014	2013	2014	2013
Loans to credit institutions	0.71	0.40	0.63	0.61
Loans to the public	2.51	2.48	2.12	2.00
Deposits from credit institutions	0.67	0.50	1.03	0.71
Deposits from the public	0.21	0.68	0.73	0.24
Borrowing from the public	0.44	0.13	0.13	0.13
Certificates	0.29	0.38	0.29	0.37
Covered bonds	3.63	3.35	3.71	3.75
Other bonds	3.47	3.36	3.47	3.24

19 LOANS AND LOAN LOSS PROVISIONS

	Group		Parent company	
	2014	2013	2014	2013
Loans to credit institutions ¹⁾	90,945	102,623	194,285	183,312
Loans to the public ¹⁾	1,355,680	1,302,568	1,056,807	1,013,188
TOTAL	1,446,625	1,405,191	1,251,092	1,196,500

1) Including debt instruments classified as Loans.

Loans

Performing loans	1,442,183	1,402,268	1,248,439	1,195,900
Individually assessed impaired loans, past due > 60 days	6,541	4,609	3,874	998
Individually assessed impaired loans, performing or past due < 60 days	250	322	56	12
Portfolio assessed loans, past due > 60 days	3,534	4,146	901	907
Portfolio assessed loans, restructured	274	381		
Loans prior to reserves	1,452,782	1,411,726	1,253,270	1,197,817
Specific reserves for individually assessed loans	-2,834	-2,521	-1,386	-492
Collective reserves for individually assessed loans	-1,387	-1,762	-520	-581
Collective reserves for portfolio assessed loans	-1,936	-2,252	-272	-244
Reserves	-6,157	-6,535	-2,178	-1,317
TOTAL	1,446,625	1,405,191	1,251,092	1,196,500

Loans by category of borrower

Group, 2014	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	90,951	543,801	262,777	52,510	492,144	1,442,183
Individually assessed impaired loans, past due > 60 days	1	4,588	1,781		171	6,541
Individually assessed impaired loans, performing or past due < 60 days	2	184	46		18	250
Portfolio assessed loans, past due > 60 days		288			3,246	3,534
Portfolio assessed loans, restructured					274	274
Loans prior to reserves	90,954	548,861	264,604	52,510	495,853	1,452,782
Specific reserves for individually assessed loans	-2	-1,937	-780		-115	-2,834
Collective reserves for individually assessed loans	-7	-1,167	-201	-9	-3	-1,387
Collective reserves for portfolio assessed loans		-151			-1,785	-1,936
Reserves	-9	-3,255	-981	-9	-1,903	-6,157
TOTAL	90,945	545,606	263,623	52,501	493,950	1,446,625
2013						
Performing loans	103,793	513,783	263,418	54,951	466,323	1,402,268
Individually assessed impaired loans, past due > 60 days	3	2,089	2,232		285	4,609
Individually assessed impaired loans, performing or past due < 60 days	2	98	204		18	322
Portfolio assessed loans, past due > 60 days		297			3,849	4,146
Portfolio assessed loans, restructured					381	381
Loans prior to reserves	103,798	516,267	265,854	54,951	470,856	1,411,726
Specific reserves for individually assessed loans	-4	-1,270	-1,114		-133	-2,521
Collective reserves for individually assessed loans	-11	-1,536	-202	-8	-5	-1,762
Collective reserves for portfolio assessed loans		-181			-2,071	-2,252
Reserves	-15	-2,987	-1,316	-8	-2,209	-6,535
TOTAL	103,783	513,280	264,538	54,943	468,647	1,405,191

Note 19 ctd. Loans and loan loss provisions

Loans by category of borrower

Parent company, 2014	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	194,160	399,261	190,442	15,648	448,928	1,248,439
Individually assessed impaired loans, past due > 60 days	133	3,622	87		32	3,874
Individually assessed impaired loans, performing or past due < 60 days	1	55				56
Portfolio assessed loans, past due > 60 days					901	901
Loans prior to reserves	194,294	402,938	190,529	15,648	449,861	1,253,270
Specific reserves for individually assessed loans	-2	-1,272	-100		-12	-1,386
Collective reserves for individually assessed loans	-7	-509		-4		-520
Collective reserves for portfolio assessed loans					-272	-272
Reserves	-9	-1,781	-100	-4	-284	-2,178
TOTAL	194,285	401,157	190,429	15,644	449,577	1,251,092

2013

Performing loans	183,322	392,080	185,181	6,576	428,741	1,195,900
Individually assessed impaired loans, past due > 60 days	3	583	288		124	998
Individually assessed impaired loans, performing or past due < 60 days	1	4	7			12
Portfolio assessed loans, past due > 60 days					907	907
Loans prior to reserves	183,326	392,667	185,476	6,576	429,772	1,197,817
Specific reserves for individually assessed loans	-4	-280	-186		-22	-492
Collective reserves for individually assessed loans	-10	-568		-3		-581
Collective reserves for portfolio assessed loans					-244	-244
Reserves	-14	-848	-186	-3	-266	-1,317
TOTAL	183,312	391,819	185,290	6,573	429,506	1,196,500

Loans by geographical region¹⁾

Group, 2014	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,130,487	158,741	105,556	47,399	1,442,183
Individually assessed impaired loans, past due > 60 days	3,605	824	1,857	255	6,541
Individually assessed impaired loans, performing or past due < 60 days	56	21	173		250
Portfolio assessed loans, past due > 60 days	1,579		1,955		3,534
Portfolio assessed loans, restructured			274		274
Loans prior to reserves	1,135,727	159,586	109,815	47,654	1,452,782
Specific reserves for individually assessed loans	-1,291	-471	-997	-75	-2,834
Collective reserves for individually assessed loans	-751	-110	-417	-109	-1,387
Collective reserves for portfolio assessed loans	-584		-1,352		-1,936
Reserves	-2,626	-581	-2,766	-184	-6,157
TOTAL	1,133,101	159,005	107,049	47,470	1,446,625

2013

Performing loans	1,108,346	172,531	101,698	19,693	1,402,268
Individually assessed impaired loans, past due > 60 days	723	1,337	2,254	295	4,609
Individually assessed impaired loans, performing or past due < 60 days	12	98	212		322
Portfolio assessed loans, past due > 60 days	1,621		2,525		4,146
Portfolio assessed loans, restructured			381		381
Loans prior to reserves	1,110,702	173,966	107,070	19,988	1,411,726
Specific reserves for individually assessed loans	-384	-813	-1,215	-109	-2,521
Collective reserves for individually assessed loans	-840	-162	-665	-95	-1,762
Collective reserves for portfolio assessed loans	-556		-1,696		-2,252
Reserves	-1,780	-975	-3,576	-204	-6,535
TOTAL	1,108,922	172,991	103,494	19,784	1,405,191

Note 19 ctd. Loans and loan loss provisions

Loans by geographical region ¹⁾

Parent company, 2014	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,206,426			42,013	1,248,439
Individually assessed impaired loans, past due > 60 days	3,605			269	3,874
Individually assessed impaired loans, performing or past due < 60 days	56				56
Portfolio assessed loans, past due > 60 days	901				901
Loans prior to reserves	1 210 988			42,282	1 253 270
Specific reserves for individually assessed loans	-1,291			-95	-1,386
Collective reserves for individually assessed loans	-411			-109	-520
Collective reserves for portfolio assessed loans	-272				-272
Reserves	-1,974			-204	-2,178
TOTAL	1,209,014			42,078	1,251,092

2013

Performing loans	1,154,151			41,749	1,195,900
Individually assessed impaired loans, past due > 60 days	723			275	998
Individually assessed impaired loans, performing or past due < 60 days	12				12
Portfolio assessed loans, past due > 60 days	907				907
Loans prior to reserves	1,155,793			42,024	1,197,817
Specific reserves for individually assessed loans	-384			-108	-492
Collective reserves for individually assessed loans	-487			-94	-581
Collective reserves for portfolio assessed loans	-244				-244
Reserves	-1,115			-202	-1,317
TOTAL	1,154,678			41,822	1,196,500

1) The geographical distribution is based on where the loan is booked.

Credit portfolio protected by guarantees, credit derivatives and collaterals ¹⁾

Group	2014				2013			
	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
Banks	183,206	3,517	32,271	28,118	157,720	11,295	23,633	20,072
Corporates and Property Management	1,257,206	34,539	390,611	30,771	1,086,157	61,610	342,703	25,063
Public Administration	90,388	35,179	252	252	81,867	91		
Households	562,883	3,036	464,977	254	536,352	269	438,303	294
TOTAL	2,093,683	76,271	888,111	59,395	1,862,096	73,265	804,639	45,429

Parent company

Banks	123,317	1,316	28,846	25,554	108,569	8,968	23,560	20,000
Corporates and Property Management	958,937	33,379	318,698	28,250	815,593	56,662	286,391	22,968
Public Administration	23,246	30,566			20,591	32		
Households	457,742		420,678	36	435,834		310,647	1
TOTAL	1,563,242	65,261	768,222	53,840	1,380,587	65,662	620,598	42,970

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented above.

Loans reclassified current year

	Group		Parent company	
	2014	2013	2014	2013
Book value of impaired loans which have regained normal status	88	605	1	

Individually assessed loans

Impaired loans, past due > 60 days	6,541	4,609	3,874	998
Impaired loans, performing or past due < 60 days	250	322	56	12
Total impaired loans	6,791	4,931	3,930	1,010
Specific reserves	-2,834	-2,521	-1,386	-492
for impaired loans, past due > 60 days	-2,708	-2,352	-1,360	-460
for impaired loans, performing or past due < 60 days	-126	-169	-26	-32
Collective reserves	-1,387	-1,762	-520	-581
Impaired loans net	2,570	648	2,024	-63
Specific reserve ratio for individually assessed impaired loans	41.7%	51.1%	35.3%	48.7%
Total reserve ratio for individually assessed impaired loans	62.2%	86.9%	48.5%	106.2%
Net level of impaired loans	0.29%	0.17%	0.19%	0.04%
Gross level of impaired loans	0.49%	0.35%	0.30%	0.08%

Note 19 ctd. Loans and loan loss provisions

Portfolio assessed loans

	Group		Parent company	
	2014	2013	2014	2013
Loans past due > 60 days	3,534	4,146	901	907
Restructured loans	274	381		
Total	3,808	4,527	901	907
Collective reserves	-1,936	-2,252	-272	-244
Reserve ratio for portfolio assessed impaired loans	50.8%	49.7%	30.2%	26.9%

Loans past due but not determined to be impaired amounted to SEK 10,902 m (9,581m) (past due up to 30 days) and SEK 1,101 m (1,054m) (between 31 and 60 days). These loans represented 0.83 per cent (0.76) of the total lending volume.

Reserves, Group

	Loans to credit institutions		Loans to the public		Total	
	2014	2013	2014	2013	2014	2013
Specific loan loss reserves ¹⁾						
Opening balance	-4	-32	-2,517	-4,133	-2,521	-4,165
Reversals for utilisation		14	971	2,053	971	2,067
Provisions		-3	-1,448	-753	-1,448	-756
Reversals	3	15	276	366	279	381
Exchange rate differences		2	-115	-50	-115	-48
Closing balance	-1	-4	-2,833	-2,517	-2,834	-2,521

1) Specific reserves for individually appraised loans.

Collective loan loss reserves ²⁾

Opening balance	-11	-11	-4,003	-4,693	-4,014	-4,704
Net provisions	2		870	774	872	774
Exchange rate differences	2		-183	-84	-181	-84
Closing balance	-7	-11	-3,316	-4,003	-3,323	-4,014

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves

Opening balance			-275	-299	-275	-299
Net provisions			-42	11	-42	11
Reversal for utilisation			258		258	
Exchange rate differences			-28	13	-28	13
Closing balance			-87	-275	-87	-275
TOTAL	-8	-15	-6,236	-6,795	-6,244	-6,810

Reserves, parent company

	Loans to credit institutions		Loans to the public		Total	
	2014	2013	2014	2013	2014	2013
Specific loan loss reserves ¹⁾						
Opening balance	-4	-32	-488	-499	-492	-531
Reversals for utilisation		14	95	200	95	214
Provisions		-1	-1,010	-207	-1,010	-208
Reversals	2	15	56	18	58	33
Exchange rate differences			-37		-37	
Closing balance	-2	-4	-1,384	-488	-1,386	-492

1) Specific reserves for individually appraised loans.

Collective loan loss reserves ²⁾

Opening balance	-10	-10	-815	-929	-825	-939
Net provisions	1		76	105	77	105
Exchange rate differences	2		-46	9	-44	9
Closing balance	-7	-10	-785	-815	-792	-825

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves

Opening balance			-2	-3	-2	-3
Net provisions			2	1	2	1
Closing balance			0	-2	0	-2
TOTAL	-9	-14	-2,169	-1,305	-2,178	-1,319

20 CAPITAL ADEQUACY

Capital management

In competing for customers and business, SEB takes various types of risks in line with the Bank's strategy and business plan. In order to sustain these risks and guarantee SEB's long-term survival, the Bank must maintain satisfactory capital strength. At the same time, SEB must balance the trade-off between financial reward and overall risk tolerance. In particular, SEB's capital management balances the following dimensions:

1. the minimum capital levels, and the supervisory expectation that banks operate safely above this minimum level, established by the EU directives through Swedish law on capital adequacy,
2. the capitalisation level required to support a certain rating level in order to reach a debt investor base necessary for conducting SEB's business activities,
3. the capital level required by corporate clients and other counterparties to facilitate the Bank's activity in the capital markets, including derivatives and foreign exchange, and
4. the shareholders' demand to optimise total shareholder return while balancing risks taken.

To meet expectations of shareholders, supervisors and market participants, SEB's capitalisation is risk-based, founded on an assessment of all risks incurred in SEB's business, and forward-looking, aligned with long- and short-term business plans and with expected macroeconomic developments. Furthermore, the capitalisation is stress tested to identify the potential effect of adverse changes to SEB's financial situation.

Internal capital adequacy assessment process (ICAAP)

The ICAAP encompasses SEB's internal views on material risks and their development as well as risk measurement models, risk governance and risk mitigants. It is linked to overall business planning and establishes a strategy for maintaining appropriate capital levels. Together with continuous monitoring, and reporting of the capital adequacy to the Board, this ensures that the relationship between shareholders' equity, economic capital, regulatory and rating-based requirements are managed so that the Bank's survival is not jeopardised. Thus, the ICAAP is integrated with SEB's business planning, internal governance framework and its internal control systems.

SEB's capital plan, an important part of the ICAAP, covers the strategic planning horizon and projects economic and legal capital requirements, as well as available capital resources and relevant ratios. It is forward-looking, taking into account current and planned business volumes as well as strategic initiatives. The capital plan is stress tested to potential down-turns in the macro-economic environment, to strategic risk factors identified in the business planning, and to other relevant scenarios. The capital plan is established annually, and updated as needs arise during the year.

The ICAAP is used by the regulatory supervisors to assess SEB in accordance with the parameters of the SREP – Supervisory Review and Evaluation Process.

The supervisor has assessed SEB's capital adequacy, risk measurement models and risk governance, among other things, and concluded that SEB is sufficiently capitalised and adequately measures and manages risks.

Economic capital constitutes another important part of the ICAAP. It is an internal measurement of risk, similar to the Basel III rules for capital adequacy in that many of the underlying risk components are the same. The economic capital calculation is based on a confidence level of 99.97 per cent, which is equivalent to the capital requirement for a very high rating.

SEB employs an internal capital allocation framework for measuring return on risk, named business equity. It is similar to regulatory capital models including Pillar 2 requirements and is calibrated with SEB's capital targets.

Regulatory requirements

The minimum capital requirements for banks are defined by the EU legislative package CRD IV/CRR which is transposed into Swedish law with further definitions and detailed guidelines issued by the Swedish Financial Supervisory Authority. The requirements are split in to pillar 1 – general minimum requirements for all institutions and pillar 2 – requirements based on an individual assessment of each institution.

The requirements have evolved in the last few years, both in terms of which risks that are covered and in terms of the capital base components. Currently, credit risk, market risk and operational risk are subject to capital requirements under Pillar 1 and credit concentration risks, interest rate risk in the banking book, pension risk and other bank-specific risks are subject to capital requirements under Pillar 2. In addition, the Swedish Financial Supervisory Authority is pursuing a holistic approach to capital sufficiency by using stress tests and maintaining a close dialogue with the banks.

The capital base is split in three main components: Common Equity Tier 1 capital (CET1) which in principal consists of the book equity of the group, Additional Tier 1 capital which consists of deeply subordinated debt, and Tier 2 capital – subordinated debt with lower loss absorption capability.

The basic minimum capital requirements are supported by a mandatory capital conservation buffer of 2.5 per cent and may be supplemented by further buffer requirements. National authorities are given some flexibility to define the methodology and level for the systemic risk buffer and, to a certain extent, the contracyclical buffer. For example, in Sweden the systemic risk buffer has been set at 3 per cent supplemented by a Pillar 2 systemic risk requirement of 2 per cent. Most other countries require less than that for their systemically important banks. The Swedish authorities' rationale is based on the size and importance of the Swedish banking system relative to domestic GDP. Several of the Pillar 2 requirements are expressed as fixed amounts, rather than as percentages of the risk exposure amount. As the buffers may vary with business and credit cycles, the total capital requirement may change during the year. The Swedish Financial Supervisory Authority will publish the total capital requirements, including Pillar 2 requirements for credit concentration risks, interest rate risks in the banking book and pensions risk, for the Swedish banks once every quarter.

Note 20 ctd. Capital adequacy

Capital adequacy analysis

	Consolidated situation		Parent company	
	2014	2013	2014	2013
Own funds				
Common Equity Tier 1 capital	100,569	89,826	83,027	79,913
Tier 1 capital	120,317	102,462	102,775	92,517
Total own funds	136,899	108,260	118,480	98,337
Own funds requirement				
Risk exposure amount	616,531	598,324	513,426	490,769
Expressed as own funds requirement	49,322	47,866	41,074	39,262
Common Equity Tier 1 capital ratio	16.3%	15.0%	16.2%	16.3%
Tier 1 capital ratio	19.5%	17.1%	20.0%	18.9%
Total capital ratio	22.2%	18.1%	23.1%	20.0%
Own funds in relation to own funds requirement	2.78	2.26	2.88	2.50
Regulatory Common Equity Tier 1 capital requirement including buffer	7.0%		7.0%	
of which capital conservation buffer requirement	2.5%		2.5%	
Common Equity Tier 1 capital available to meet buffer ¹⁾	11.8%		11.7%	
Transitional floor 80% of capital requirement according to Basel I				
Minimum floor own funds requirement according to Basel I	79,581	74,054	73,190	68,448
Own funds according to Basel I	136,015	109,042	117,658	99,274
Own funds in relation to own funds requirement Basel I	1.71	1.47	1.62	1.45
Leverage ratio				
Exposure measure for leverage ratio calculation	2,505,146	2,327,121		
of which on balance sheet items	2,165,651	2,118,326		
of which off balance sheet items	339,495	208,795		
Leverage ratio ²⁾	4.8%	4.2%		

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%.

2) Based on SEB's interpretation of future regulations.

Own funds

	Consolidated situation		Parent company	
	2014	2013	2014	2013
Shareholders equity	21,942	21,942	21,942	21,942
Retained earnings	45,167	41,050	41,389	35,291
Accumulated other comprehensive income and other reserves	48,215	45,019	34,614	30,743
Net profit attributable to equityholders	19,219	14,771	11,538	14,262
Minority interests	33	33		
Total equity according to balance sheet ¹⁾	134,576	122,815	109,483	102,238
Deductions related to the consolidated situation and other foreseeable charges	-12,743	-11,597	-10,396	-8,719
Common Equity Tier 1 capital before regulatory adjustments ²⁾	121,833	111,218	99,087	93,519
Additional value adjustments	-1,314	-848	-1,169	-848
Intangible assets	-12,168	-12,248	-8,252	-8,407
Deferred tax assets that rely on future profitability	-603	-649		
Fair value reserves related to gains or losses on cash flow hedges	-3,877	-783	-3,876	-781
Negative amounts resulting from the calculation of expected loss amounts	-188	-782	-345	-937
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	400		294	
Defined-benefit pension fund assets		-2,298		
Direct and indirect holdings of own CET1 instruments	-1,294	-975	-1,294	-975
Securitisation positions with 1.250% risk weight	-594	-1,294	-594	-1,294
Adjustments relating to unrealised gains (AFS)	-1,626	-1,515	-824	-364
Total regulatory adjustments to Common Equity Tier 1	-21,264	-21,392	-16,060	-13,606
Common Equity Tier 1 capital	100,569	89,826	83,027	79,913
Additional Tier 1 instruments	8,545		8,545	
Grandfathered additional Tier 1 instruments	11,203	12,636	11,203	12,604
Tier 1 capital	120,317	102,462	102,775	92,517
Tier 2 instruments	16,552	7,746	16,552	7,746
Grandfathered Tier 2 instruments	1,533	627	1,533	649
Net provisioning amount for IRB-reported exposures	1,072		195	
Holdings of Tier 2 instruments in financial sector entities	-2,575	-2,575	-2,575	-2,575
Tier 2 capital	16,582	5,798	15,705	5,820
TOTAL	136,899	108,260	118,480	98,337

1) For parent bank Total equity includes Untaxed reserves net of tax.

2) New Swedish capital reporting regulations (FFFS 2014:12) apply from August 2014. Own funds requirements shall be reported according to a given format. 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 proposed dividend is deducted.

Note 20 ctd. Capital adequacy

Risk exposure amount

	Consolidated situation				Parent company			
	2014		2013		2014		2013	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach								
Exposures to institutions	34,013	2,721	29,936	2,395	28,300	2,264	25,415	2,033
Exposures to corporates	344,576	27,566	328,458	26,277	224,882	17,990	199,587	15,967
Retail exposures	51,826	4,146	53,470	4,278	29,861	2,389	36,792	2,943
<i>of which secured by immovable property</i>	31,905	2,552	41,433	3,315	22,130	1,770	30,627	2,450
<i>of which qualifying revolving retail exposures</i>	1,498	120	1,358	109				
<i>of which retail SME</i>	3,099	248	1,517	121				
<i>of which other retail exposures</i>	15,324	1,226	9,162	733	7,731	619	6,165	493
Securitisation positions	5,035	403	4,827	386	4,911	393	4,705	376
Total IRB approach	435,450	34,836	416,691	33,336	287,954	23,036	266,499	21,319
Credit risk standardised approach								
Exposures to central governments or central banks	743	59	321	26	463	37	159	13
Exposures to regional governments or local authorities	40	3	695	56				
Exposures to public sector entities	7	1	15	1				
Exposures to institutions	1,222	98	607	49	50,172	4,015	51,062	4,085
Exposures to corporates	16,743	1,339	15,010	1,201	7,928	634	11,856	948
Retail exposures	16,593	1,327	23,136	1,851	11,154	892	11,690	935
Exposures secured by mortgages on immovable property	4,161	333	3,987	319	2,675	214	2,826	226
Exposures in default	634	51	1,645	132	317	25	514	41
Exposures associated with particularly high risk	1,791	143	2,086	167	1,791	143	2,086	167
Securitisation positions	40	3						
Exposures in the form of collective investment undertakings (CIU)	48	4	40	3				
Equity exposures	2,371	190	3,330	266	42,614	3,409	41,135	3,290
Other items	10,216	817	8,294	664	5,912	473	4,182	335
Total standardised approach	54,609	4,368	59,166	4,735	123,026	9,842	125,510	10,040
Market risk								
Trading book exposures where internal models are applied	25,144	2,012	27,933	2,235	25,099	2,008	27,933	2,235
Trading book exposures applying standardised approaches	18,813	1,505	22,160	1,773	17,590	1,407	21,794	1,744
Foreign exchange rate risk	5,010	401	6,485	519	3,909	313	4,105	328
Total market risk	48,967	3,918	56,578	4,527	46,598	3,728	53,832	4,307
Other own funds requirements								
Operational risk advanced measurement approach	48,126	3,850	38,313	3,065	32,326	2,587	25,968	2,077
Settlement risk	42	3	11	1	42	3	11	1
Credit value adjustment	9,286	743	13,300	1,064	7,955	636	7,000	560
Investment in insurance business	15,525	1,242	11,949	956	15,525	1,242	11,949	956
Other exposures	4,526	362	2,316	185				
Total other own funds requirements	77,505	6,200	65,889	5,271	55,848	4,468	44,928	3,594
TOTAL	616,531	49,322	598,324	47,869	513,426	41,074	490,769	39,260

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

Average risk-weight

IRB reported credit exposures (less repos and securities lending)	Consolidated situation		Parent company	
	2014	2013	2014	2013
Exposures to institutions	23.5%	24.3%	23.6%	17.8%
Exposures to corporates	36.2%	38.3%	30.9%	32.1%
Retail exposures	9.7%	11.0%	6.7%	9.3%
<i>of which secured by immovable property</i>	6.9%	9.5%	5.3%	7.7%
<i>of which qualifying revolving retail exposures</i>	7.5%	7.2%		
<i>of which retail SME</i>	54.6%	38.3%		
<i>of which other retail exposures</i>	35.0%	38.4%	34.4%	37.6%
Securitisation positions	43.5%	39.0%	48.6%	43.3%

The consolidated SEB Group must also comply with capital requirements concerning combined banking and insurance groups, i.e. financial conglomerates. The combined capital requirements for the SEB financial conglomerate were

SEK 59.3bn (57.0), while the capital amounted to SEK 148.1bn (118.4). The capital requirement for the financial conglomerate has been calculated in accordance with the deduction and aggregation method.

21 FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

2014	Group				Parent company			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Financial assets								
– policyholders bearing the risk	249,543	7,335	2,067	258,945				
Equity instruments at fair value	101,741	13,477	10,948	126,166	66,514	9,757	467	76,738
Debt instruments at fair value	122,935	153,916	1,198	278,049	56,426	136,525		192,951
Derivative instruments at fair value	5,020	258,520	9,971	273,511	3,560	237,346	1,143	242,049
Equity instruments available-for-sale	73	1,662	638	2,373	21	1,374	634	2,029
Debt instruments available-for-sale	22,768	20,339		43,107	6,667	6,842		13,509
Investment in associates ¹⁾			1,049	1,049			853	853
Investment properties			7,497	7,497				
TOTAL	502,080	455,249	33,368	990,697	133,188	391,844	3,097	528,129
Liabilities								
Liabilities to policyholders								
– investment contracts	249,914	7,305	2,056	259,275				
Equity instruments at fair value	14,714	48	475	15,237	13,000	48	475	13,523
Debt instruments at fair value	16,657	9,158		25,815	13,191	9,158		22,349
Derivative instruments at fair value	6,826	221,226	9,660	237,712	6,248	204,407	983	211,638
Debt securities at fair value ²⁾		31,547		31,547		27,968		27,968
TOTAL	288,111	269,284	12,191	569,586	32,439	241,581	1,458	275,478
2013								
Assets								
Financial assets								
– policyholders bearing the risk	228,772	3,365	1,925	234,062				
Equity instruments at fair value	116,780	27,195	9,575	153,550	92,342	25,032	429	117,803
Debt instruments at fair value	97,365	147,442	1,429	246,236	46,984	134,868	48	181,900
Derivative instruments at fair value	2,619	136,039	3,719	142,377	2,225	130,610	893	133,728
Equity instruments available-for-sale	1,402	1,965	383	3,750		1,720	381	2,101
Debt instruments available-for-sale	24,401	20,324		44,725	6,280	8,703		14,983
Investment in associates ¹⁾			1,101	1,101			987	987
Investment properties			7,623	7,623				
TOTAL	471,339	336,330	25,755	833,424	147,831	300,933	2,738	451,502
Liabilities								
Liabilities to policyholders								
– investment contracts	218,914	3,119	1,461	223,494				
Equity instruments at fair value	43,678	64	489	44,231	42,748	64	489	43,301
Debt instruments at fair value	23,466	8,089		31,555	20,573	8,089		28,662
Derivative instruments at fair value	5,437	127,532	3,738	136,707	4,745	124,268	729	129,742
Debt securities at fair value ²⁾		29,997		29,997		25,417		25,417
TOTAL	291,495	168,801	5,688	465,984	68,066	157,838	1,218	227,122

1) Venture capital activities designated at fair value through profit and loss.

2) Equity index link bonds designated at fair value through profit and loss.

Fair value measurement

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.

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

In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Risk Control classifies and continuously reviews the classification of financial instruments in the fair value hierarchy. The valuation process is the same for financial instruments in all levels.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the principal market for the instrument to which SEB has immediate access.

Fair value is generally measured for individual financial instruments, in addition

to 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. The impact from these adjustments are shown in Note 5 and Note 18 f.

When valuing financial liabilities at fair value own credit standing is reflected. Fair values of financial assets and liabilities by class can be found in Note 39.

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in note 1. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Note 21 ctd. Fair value measurement of assets and liabilities

Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with one or more external counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument.

Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

Level 3: Valuation techniques with significant unobservable inputs

Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and Private Equity holdings.

If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. The increase in all levels is mainly due to an increase in business volumes.

At the end of the second quarter AFS Equity instruments in the amount of SEK 268m have been transferred into level 3 due to reassessment. At the end of the third quarter Equity instruments at fair value through profit & loss in the amount of SEK 47m have been transferred from level 3 to level 1 due to reassessment. At the end of the fourth quarter Financial assets – policyholders bearing the risk in the amount of SEK 73m have been transferred to level 3 from level 1 due to reassessment.

Changes in level 3

Group, 2014	Opening balance	Gain/loss in Income statement ^(1,2)	Gain/loss in Other comprehensive income ⁽⁴⁾	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3 ⁽³⁾	Reclassification	Exchange rate differences	Total
Assets											
Financial assets											
– policyholders bearing the risk	1,925	–58		1,563	–66		73		–1,483	113	2,067
Equity instruments at fair value	9,575	–117		2,681	–3,186			–47	1,423	619	10,948
Debt instruments at fair value	1,429	–127		944	–1,183				60	75	1,198
Derivative instruments at fair value	3,719	5,510		457	–404	263				426	9,971
Equity instruments available-for-sale	383	187	–43	105	–300		268		2	36	638
Investment in associates	1,101	124		102	–310					32	1,049
Investment properties	7,623	–539		80	–142					475	7,497
TOTAL	25,755	4,980	–43	5,932	–5,591	263	341	–47	2	1,776	33,368
Liabilities											
Liabilities to policyholders											
– investment contracts	1,461	–58		1,492	–66		73		–953	107	2,056
Equity instruments at fair value	489	32			–66					20	475
Derivative instruments at fair value	3,738	5,327		296	–202	74				427	9,660
TOTAL	5,688	5,301		1,788	–334	74	73		–953	554	12,191
2013											
Assets											
Financial assets											
– policyholders bearing the risk	1,559	511		215	–488					128	1,925
Equity instruments at fair value	8,627	–378		1,172	–1,744		88		1,529	281	9,575
Debt instruments at fair value	1,867	–327		217	–376					48	1,429
Derivative instruments at fair value	1,828	2,152		273	–614					80	3,719
Equity instruments available-for-sale	40							–38	381		383
Investment in associates	1,073	–8		32						4	1,101
Investment properties	7,488	–147		482	–451					251	7,623
TOTAL	22,482	1,803		2,391	–3,673		88	–38	1,910	792	25,755
Liabilities											
Liabilities to policyholders											
– investment contracts	1,500	–25								–14	1,461
Equity instruments at fair value		51			–40				478		489
Derivative instruments at fair value	2,644	1,086		472	–552					88	3,738
TOTAL	4,144	1,112		472	–592				478	74	5,688

1) Fair value gains and losses recognised in the income statement are included in Net financial income, Net life insurance income and Net other income.

2) Gains/losses recognised in the income statement relating to instruments held as of 31 December are SEK –419m (637).

3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach to fair value hierarchy classification and since the unobservable input is not a significant part of the value of these instrument.

4) Fair value gains and losses recognised in other comprehensive income are included as available for sale.

Note 21 ctd. Fair value measurement of assets and liabilities

Changes in level 3

Parent company, 2014	Opening balance	Gain/loss in Income statement ¹⁾²⁾	Gain/loss in Other-comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3 ³⁾	Reclassification	Exchange rate differences	Total
Assets											
Equity instruments at fair value	429	84			-66					20	467
Debt instruments at fair value	48				-48						
Derivative instruments at fair value	893	-25				263				12	1,143
Equity instruments available-for-sale	381	144	105		-300		268			36	634
Investment in associates	987	52		102	-310					22	853
TOTAL	2,738	255	105	102	-724	263	268			90	3,097
Liabilities											
Equity instruments at fair value	489	32		-66						20	475
Derivative instruments at fair value	729	165				74				15	983
TOTAL	1,218	197		-66		74				35	1,458

2013

Assets											
Equity instruments at fair value		33			-40				436		429
Debt instruments at fair value	139	-19			-72						48
Derivative instruments at fair value	1,302	-409									893
Equity instruments available-for-sale									381		381
Investment in associates	966	-11		32							987
TOTAL	2,407	-406		32	-112				817		2,738
Liabilities											
Equity instruments at fair value		51			-40				478		489
Derivative instruments at fair value	1,557	-828									729
TOTAL	1,557	-777			-40				478		1,218

1) Fair value gains and losses recognised in the income statement are included in Net financial income, Net life insurance income and Net other income.

2) Gains/losses recognised in the income statement relating to instruments held as of 31 December are SEK -137m (218).

3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Sensitivity of Level 3 financial instruments to unobservable inputs

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads

or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives. There have been no significant changes during 2014. The largest open market risk within Level 3 financial instruments is found within the insurance business.

Group	2014				2013			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives – interest rate ¹⁾	1,041	-976	65	33	489	-684	-195	59
Capital Markets ²⁾	102	-7	95	18	397	-45	352	16
Bond investment portfolio ³⁾			0		48		48	9
Venture Capital holding and similar holdings ⁴⁾	1,864	-475	1,389	279	1,803	-490	1,313	277
Insurance holdings – Financial instruments ⁵⁾	10,989	-128	10,861	1,524	10,752	-263	10,489	1,498
Insurance holdings – Investment properties ⁶⁾	7,497		7,497	750	7,623		7,623	762

1) Sensitivity from a shift of index-linked swap spreads by 5 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) Sensitivity from a shift of credit spreads by 100 basis points (100).

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

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 fair values of 10 per cent (10).

22 FINANCIAL ASSETS AT FAIR VALUE

	Group		Parent company	
	2014	2013	2014	2013
Securities held for trading	298,300	318,329	269,447	299,578
Derivatives held for trading	250,965	129,900	221,150	122,267
Held for trading	549,265	448,229	490,597	421,845
Financial assets – policyholders bearing the risk	258,945	234,062		
Insurance assets at fair value	101,305	77,835		
Other financial assets at fair value	4,610	3,622	242	125
Designated at fair value through profit and loss	364,860	315,519	242	125
Derivatives held for hedging	22,546	12,477	20,899	11,461
Fair value changes of hedged items in a portfolio hedge	173	399		
TOTAL	936,844	776,624	511,738	433,431

The category Financial assets at fair value comprises financial instruments either classified as held for trading or financial assets designated to this category

upon initial recognition. These financial assets are recognised at fair value and the value change is recognised through profit and loss.

Securities held for trading

Equity instruments	101,052	132,459	76,496	117,678
Eligible debt instruments ¹⁾	57,909	53,786	54,886	50,697
Other debt instruments ¹⁾	138,070	130,620	136,831	129,776
Accrued interest	1,269	1,464	1,234	1,427
TOTAL	298,300	318,329	269,447	299,578

1) See note 18f for maturity and note 41 for issuers.

Derivatives held for trading

Positive replacement values of interest-related derivatives	152,934	96,173	124,921	91,363
Positive replacement values of currency-related derivatives	80,770	24,979	80,831	22,723
Positive replacement values of equity-related derivatives	5,521	5,923	4,567	5,507
Positive replacement values of other derivatives	11,740	2,825	10,831	2,674
TOTAL	250,965	129,900	221,150	122,267

Derivatives held for hedging

Fair value hedges	13,377	8,469	13,318	8,377
Cash flow hedges	7,581	3,084	7,581	3,084
Portfolio hedges for interest rate risk	1,588	924		
TOTAL	22,546	12,477	20,899	11,461

Insurance assets at fair value

Equity instruments	24,872	20,966		
Other debt instruments ¹⁾	75,665	56,172		
Accrued interest	768	697		
TOTAL	101,305	77,835		

1) See note 18f for maturity and note 41 for issuers.

Other financial assets at fair value

Equity instruments	242	125	242	125
Eligible debt instruments ¹⁾	4,357	3,491		
Accrued interest	11	6		
TOTAL	4,610	3,622	242	125

1) See note 18f for maturity and note 41 for issuers.

To eliminate to the extent possible inconsistency in measurement and accounting the Group has chosen to designate financial assets and financial liabilities, which the unit linked insurance business give rise to, at fair value through profit or loss. This implies that changes in fair value on those investment assets (pref-

erably funds), where the policy-holders bear the risk and the corresponding liabilities, are recognised in profit or loss. Fair value on those assets and liabilities are set by quoted market price in an active market.

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Equity instruments at cost	534	428	504	401
Equity instruments at fair value	2,325	3,706	2,017	2,090
Eligible debt instruments ¹⁾	24,698	22,309	6,861	6,979
Other debt instruments ¹⁾	17,932	21,808	6,449	7,710
Seized shares	48	44	12	11
Accrued interest	477	608	199	294
TOTAL	46,014	48,903	16,042	17,485

1) See note 18 f for maturity and note 41 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

24 HELD-TO-MATURITY INVESTMENTS

	Group		Parent company	
	2014	2013	2014	2013
Other debt instruments ¹⁾	91	85	91	85
Accrued interest				
TOTAL	91	85	91	85

1) See note 18 f for maturity and note 41 for issuers.

25 INVESTMENTS IN ASSOCIATES

	Group		Parent company	
	2014	2013	2014	2013
Strategic investments	202	173	68	68
Venture capital holdings	1,049	1,101	853	987
TOTAL	1,251	1,274	921	1,055

Strategic investments	Assets ¹⁾	Liabilities ¹⁾	Revenues ¹⁾	Profit or loss ¹⁾	Book value	Ownership, %
Bankomat AB, Stockholm	5,405	5,173	584	0	55	20
Bankomatcentralen AB, Stockholm	1	0	1	0	0	28
BDB Bankernas Depå AB, Stockholm	3,252	3,209	56	3	6	20
BGC Holding AB, Stockholm	356	104	713	5	4	33
Getswish AB, Stockholm	144	133	2	-2	2	20
UC AB, Stockholm	229	84	539	43	1	28
Parent company holdings					68	
Holdings of subsidiaries					30	
Group adjustments					104	
GROUP HOLDINGS					202	

1) Retrieved from respective Annual report 2013.

Venture capital holdings	2014		2013	
	Book value	Ownership, %	Book value	Ownership, %
Actiwave, Linköping	23	32	23	32
Airsonett AB, Ängelholm	72	31	62	28
AORIAB Holding AB, Ängelholm	0	0	7	31
Apica AB, Stockholm	28	19	28	19
Askembla Growth Fund KB, Stockholm	0	0	10	25
Avaj International Holding AB, Stockholm	37	18	37	18
Avidicare Holding AB (former AORIAB Holding AB), Ängelholm	7	31	0	0
Capres A/S, Copenhagen	40	33	37	23
Clavister AB, Örnsköldsvik	0	0	21	15
Cobolt AB, Stockholm	37	40	37	40
Diakrit International Ltd, Hong Kong	26	38	20	39
Donya Labs AB, Linköping	15	22	15	22
Exitram AB, Stockholm	23	44	23	44
Fält Communications AB, Umeå	26	46	26	47
InDex Pharmaceuticals AB, Stockholm	146	35	146	39
Innometrics AB, Stockholm	24	26	0	0
Neoventa Holding AB, Gothenburg	0	34	97	34
Nomad Holdings Ltd, Newcastle	85	22	75	23
NuEvolution A/S, Copenhagen	73	36	69	36
Prodacapo AB, Örnsköldsvik	5	22	5	16
Scandinova Systems AB, Uppsala	23	29	23	29
Scibase AB, Stockholm	113	30	113	39
Signal Processing Devices Sweden AB, Linköping	40	48	40	48
Tail-f Systems AB, Stockholm	0	0	53	45
TSS Holding AB, Stockholm	10	43	10	43
Xylophane AB, Gothenburg	0	44	0	23
Zinwave Holdings Limited, Cambridge	0	0	10	29
Parent company holdings	853		987	
Holdings of subsidiaries¹⁾	196		114	
GROUP HOLDINGS	1,049		1,101	

1) Where of SEK 165m (94) relates to investments in a joint venture, UAB CGates.

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates in the Group are accounted for using the equity method.

Investments in associates held by the venture capital organisation of the Group have, in accordance with IAS 28, been designated as at fair value through profit or loss. Therefore, these holdings are accounted for under IAS 39.

Some entities, in which the Bank has an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the Bank is represented in the board of directors and participates in the policy making processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

26 SHARES IN SUBSIDIARIES

	Parent company	
	2014	2013
Swedish subsidiaries	16,148	16,153
Foreign subsidiaries	38,146	36,402
TOTAL	54,294	52,555
<i>of which holdings in credit institutions</i>	<i>34,380</i>	<i>36,132</i>

Swedish subsidiaries	Country	2014			2013		
		Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Aktiv Placering AB, Stockholm	Sweden	38	18	100	38		100
Antwerpen Properties AB, Stockholm	Sweden	0		0	5		100
Enskilda Kapitalförvaltning SEB AB, Stockholm	Sweden	0		100	0		100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	Sweden	100		100	100		100
Parkeringshuset Lasarettet HGB KB, Stockholm	Sweden	0		99	0		99
Repono Holding AB, Stockholm	Sweden	5,406		100	5,406		100
SEB Förvaltnings AB, Stockholm	Sweden	5		100	5		100
SEB Internal Supplier AB, Stockholm	Sweden	12		100	12		100
SEB Investment Management AB, Stockholm	Sweden	763		100	763	1	100
SEB Kort Bank AB, Stockholm	Sweden	2,260	627	100	2,260	494	100
SEB Portföljförvaltning AB, Stockholm	Sweden	1,115		100	1,115		100
SEB Strategic Investments AB, Stockholm	Sweden	24		100	24		100
SEB Trygg Liv Holding AB, Stockholm	Sweden	6,425	1,950	100	6,425	3,575	100
Skandinaviska Kreditaktiebolaget, Stockholm	Sweden	0		100	0		100
TOTAL		16,148	2,595		16,153	4,070	

Foreign subsidiaries

Baltectus B.V., Amsterdam	Netherland	1,042		100	847		100
Domena Property Sp. Z o.o., Warsaw	Poland	121		100	117		100
Interscan Servicos de Consultoria Ltda, Sao Paulo	Brazil	0		100	0		100
Key Asset Management (UK) Limited, London	Great Britain	31		100	570		100
Key Capital Management Inc, Tortola	British Virgin Island	0		0	270		100
Möller Bilfinans AS, Oslo	Norway	25		51	25	65	51
Postep Property Sp. Z o.o., Warsaw	Poland	51		100	48		100
SEB AG, Frankfurt am Main	Germany	19,966	86	100	18,798	176	100
SEB Asset Management America Inc, Stamford	Great Britain	17	26	100	35		100
SEB Asset Management S.A., Luxembourg	Luxembourg	5	18	100	5	31	100
SEB Bank JSC, St Petersburg	Russia	457		100	608		100
SEB Banka, AS, Riga	Latvia	1,568	188	100	1,354	170	100
SEB bankas, AB, Vilnius	Lithuania	6,221	267	100	5,791		100
SEB Corporate Bank, PJSC, Kiev	Ukraine	173		100	271		100
SEB Enskilda, UAB, Vilnius	Lithuania	0		100	22		100
SEB Fondbolag Finland Ab, Helsinki	Finland	18		100	17		100
SEB Fund Services S.A., Luxembourg	Luxembourg	96		100	91		100
SEB Hong Kong Trade Services Ltd, Hong Kong	China	0		100	0		100
SEB Kapitalförvaltning Finland Ab, Helsinki	Finland	514		100	484		100
SEB Leasing Oy, Helsinki	Finland	4,070		100	3,744	86	100
SEB Leasing, CJSC, St Petersburg	Russia	0	89	0	118		100
SEB Njord AS, Oslo	Norway	0		100	0		100
SEB Pank, AS, Tallinn	Estonia	1,929		100	1,514		100
SEB Securities Inc (former SEB Enskilda Inc.), New York	USA	36		100	24		100
Skandinaviska Enskilda Banken S.A., Luxembourg	Luxembourg	1,364		100	1,242	171	100
Skandinaviska Enskilda Ltd, London	Great Britain	442	35	100	407	10	100
TOTAL		38,146	709		36,402	709	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

Significant restrictions on the ability to use assets and settle liabilities of the Group

Skandinaviska Enskilda Banken AB Publ can obtain distributions of capital, use assets and settle liabilities of members of the Group within the limitation of some regulatory, statutory and contractual restrictions. These restrictions are:

Regulatory requirements

Regulated subsidiaries are subject to prudential regulatory capital requirements in the countries in which they are regulated. These subsidiaries are required to maintain a certain level of own funds in relation to their exposures, restricting their ability to distribute cash or other assets to the parent company. To meet these requirements the subsidiaries hold capital instruments and

other forms of subordinated liabilities.

Statutory requirements

Subsidiaries are required to have a certain level of solvency and are restricted to make distributions of capital and profits leading to a solvency below that level.

Contractual requirements

The Group pledge some its financial assets as collateral for financing and liquidity purposes. Encumbered assets can't be transferred within the group. Such assets are described further in the note Pledged assets, contingent liabilities and commitments.

27 INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

2014, Assets	Group			Parent company		
	Special purpose entities	Asset management ¹⁾	Total	Special purpose entities	Asset management ¹⁾	Total
Loans to the public	9,351	179	9,530	7,434	179	7,613
Financial assets at fair value	7,313	232,986	240,299	7,313	929	8,242
<i>of which: securities held for trading</i>	7,306	878	8,184	7,306	878	8,184
<i>of which: derivatives</i>	7	51	58	7	51	58
<i>of which: financial assets at fair value - policyholders bearing the risk</i>		218 247	218 247			
<i>of which: other financial assets at fair value</i>		13 811	13 811			
Available-for-sale financial assets	193	48	241	193		193
TOTAL	16,857	233,213	250,070	14,940	1,108	16,048
Liabilities						
Deposits and borrowings from the public	265	20	285	36	20	56
Other liabilities at fair value		17	17		17	17
<i>of which: derivatives</i>		17	17		17	17
TOTAL	265	37	302	36	37	73
Off balance sheet exposures	317		317	267		267
The Group's maximum exposure to loss	17,174	14,967	32,141	15,207	1,108	16,315

1) Investments in SEB- and non-SEB managed funds

Interests in unconsolidated structured entities refers to when the Group has interests in structured entities which it does not control. A structured entity is an entity that is designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group enters into transactions with structured entities in the normal cause of business for various reasons. Depending on the type of structured entity the purpose is to support customer transactions, to engage in specific investment opportunities and to facilitate the start-up of certain entities.

The Group has interests in the following types of structured entities:

Interests in funds

The Group establishes and manages funds to provide customers with investment opportunities, SEB is considered to be the sponsor of those funds. Total assets under management represent the size of a fund. Total assets under management of funds managed by SEB are SEK 583bn. The total assets of Non-SEB managed funds are not publically available and not considered meaningful for understanding related risks, and have therefore not been presented. In some cases the Group facilitates the start-up of funds by holding units and it may hold units in funds managed by the Group or by a third party for investment purposes within the life business. The funds managed by the Group generate income in the form of management fees and performance fees based on the assets under management. The income from asset management is presented in note 4. The maximum exposure to loss is limited to the carrying amount of units held by the Group. This amount does not reflect the probable loss.

Interests in other structured entities

The Group has had a role in establishing structured entities to support customer transactions. The purpose of these entities is to provide alternative funding and liquidity improvement to the sellers and investment opportunities to investors

by purchasing assets and obtain funding for the purchases with the assets as collateral. The Group provides senior revolving credit facilities and administrative services to the entities and earn fee and interest income on market based conditions.

The Group has also the most senior investments in debt instruments issued by banks, through securitisation vehicles (SPV) whose purpose is to provide alternative funding to the issuers and investment opportunities to investors. The SPVs purchase pools of asset from the originating banks balance sheet, e.g. credit card loans, residential mortgage loans, loans to small and medium sized enterprises and fund these purchases by issuing debt securities with the assets as collateral. The securities have multiple tranches of subordination.

The maximum exposure to loss regarding investments in other structured entities is limited to the carrying amount of the investments and may occur only after losses by creditors with junior exposures. The maximum exposure to loss does not reflect the probability of loss and hedging or collateral arrangements are not considered. The total assets for these entities are not considered meaningful information for the purpose of understanding the related risks and therefore have not been presented.

28 RELATED PARTIES

	Group					
	Associated companies		Key management		Other related parties	
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
2014						
Loans to the public	1,693	36	154	2	39	3
Deposits and borrowings from the public	107	-1	78		668	-3

2013						
Loans to the public	2,317	31	164	3	21	1
Deposits and borrowings from the public	27	-3	24		602	-11

	Parent company			
	Associated companies		Group companies	
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
2014				
Loans to credit institutions			127,038	783
Loans to the public	1,611	36	20,828	167
Interest-bearing securities			2,745	80
Other assets			15,790	0
TOTAL	1,611	36	166,401	1,030
Deposits from credit institutions			46,643	-778
Deposits and borrowings from the public	97	1	11,738	-53
Issued securities			973	0
Other liabilities			14,383	-41
TOTAL	97	1	73,737	-872

2013				
Loans to credit institutions			115,090	916
Loans to the public	2,188	27	23,498	158
Interest-bearing securities			661	68
Other assets			14,014	14
TOTAL	2,188	27	153,263	1,156
Deposits from credit institutions			50,125	-782
Deposits and borrowings from the public	3	0	14,669	-119
Issued securities			624	-20
Other liabilities			12,913	-71
TOTAL	3	0	78,331	-992

Key management above refers to the Board of Directors and the Group Executive Committee. Entities with significant influence or significantly influenced by key management in the Group, and post-employment benefit plans are presented as other related parties. Investor AB and the pension foundation SEB-stiftelsen are within this category as well as close family members of key management. In addition the Group has insurance administration and asset management agreements with Gamla Livförsäkringsbolaget SEB Trygg Liv based on market condi-

tions. SEB has received SEK 133m (143) under the insurance administration agreement and SEK 265m (345) under the asset management agreement. For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 46.

The parent company is a related party to its subsidiaries and associates. See note 25 Investments in associates and note 26 Shares in subsidiaries for disclosures of investments.

29 TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Goodwill	10,287	10,408	414	584
Deferred acquisition costs	4,231	4,086		
Internally developed IT-systems	1,736	1,866	1,786	1,866
Other intangible assets	980	811	331	236
Intangible assets	17,234	17,171	2,531	2,686
Equipment	762	896	337	412
Equipment leased to clients ¹⁾			38,601	36,980
Properties for own operations	68	53	2	2
Property and equipment	830	949	38,940	37,394
Investment properties recognised at cost	30	303		
Investment properties recognised at fair value	7,497	7,623		
Properties taken over for protection of claims	1,933	2,878		
Investment properties	9,460	10,804		
TOTAL	27,524	28,924	41,471	40,080

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group. See note 44.

	Goodwill	Deferred acquisition costs	Internally developed IT-systems	Other intangible assets	Equipment	Properties for own operations	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total
Group, 2014										
Opening balance	10,408	10,534	2,845	3,563	3,133	104	448	7,623	2,926	41,584
Additions from acquisitions and capitalisations		1,036	345	375	224	31	10	71	299	2,391
Reclassifications		-114	-2	169	587	46		-449	-975	-738
Retirements and disposals	-187	-368	-145	-401	-720	-37	-435		-309	-2,602
Exchange rate differences	66	101	1	132	92	-24	12	475	83	938
Acquisition value	10,287	11,189	3,044	3,838	3,316	120	35	7,720	2,024	41,573
Opening balance		-6,448	-979	-2,752	-2,237	-51	-145		-48	-12,660
Current year's depreciations		-944	-340	-181	-377	-11	-6		-22	-1,881
Current year's impairments				-51	-3				-148	-202
Reclassifications		114	4	-169	-581	-45			113	-564
Retirements and disposals		368	7	401	713	36	149		13	1,687
Exchange rate differences		-48		-106	-69	19	-3		1	-206
Accumulated depreciations		-6,958	-1,308	-2,858	-2,554	-52	-5		-91	-13,826
Fair value changes								-223		-223
TOTAL	10,287	4,231	1,736	980	762	68	30	7,497	1,933	27,524
2013										
Opening balance	10,460	9,539	4,860	2,137	4,262	672	661	7,488	2,325	42,404
Additions from acquisitions and capitalisations		942	315	88	184	21	27	89	895	2,561
Reclassifications			-1,831	1,357	-1,211	-72	-1		-81	-1,839
Retirements and disposals			-563	-80	-221	-518	-255	-79	-294	-2,010
Exchange rate differences	-52	53	64	61	119	1	16	251	81	594
Acquisition value	10,408	10,534	2,845	3,563	3,133	104	448	7,749	2,926	41,710
Opening balance		-5,531	-2,870	-1,308	-3,260	-541	-284		-116	-13,910
Current year's depreciations		-891	-345	-140	-411	-13	-14		-19	-1,833
Current year's impairments			-8		-2	-28	-2		-2	-42
Reclassifications			1,755	-1,281	1,227	72	1		77	1,851
Retirements and disposals			547	12	240	460	160		8	1,427
Exchange rate differences		-26	-58	-35	-31	-1	-6		4	-153
Accumulated depreciations		-6,448	-979	-2,752	-2,237	-51	-145		-48	-12,660
Fair value changes								-126		-126
TOTAL	10,408	4,086	1,866	811	896	53	303	7,623	2,878	28,924

Note 29 ctd. Tangible and intangible assets

Parent company, 2014	Goodwill	Internally developed IT-systems	Other intangible assets	Equipment	Equipment leased to clients	Properties for own operations	Total
Opening balance	1,444	2,830	731	2,059	49,240	2	56,306
Additions from acquisitions and capitalisations		329	137	38	8,608		9,112
Retirements and disposals		-65	-109	-163	-7,087		-7,424
Acquisition value	1,444	3,094	759	1,934	50,761	2	57,994
Opening balance	-860	-964	-495	-1,647	-12,260		-16,226
Current year's depreciations		-340	-39	-123	-4,413		-4,915
Current year's impairments	-170						-170
Retirements and disposals		-4	107	213	3,943		4,259
Exchange rate differences			-1	-40	570		529
Accumulated depreciations	-1,030	-1,308	-428	-1,597	-12,160		-16,523
TOTAL	414	1,786	331	337	38,601	2	41,471
2013							
Opening balance	1,444	2,615	675	1,980	52,261	2	58,977
Additions from acquisitions and capitalisations		271	70	79	7,344		7,764
Retirements and disposals		-56	-14		-10,365		-10,435
Acquisition value	1,444	2,830	731	2,059	49,240	2	56,306
Opening balance	-689	-743	-448	-1,557	-12,514		-15,951
Current year's depreciations		-261	-60	-127	-4,390		-4,838
Current year's impairments	-171						-171
Retirements and disposals		40	12	32	4,819		4,903
Exchange rate differences			1	5	-175		-169
Accumulated depreciations	-860	-964	-495	-1,647	-12,260		-16,226
TOTAL	584	1,866	236	412	36,980	2	40,080

Goodwill is allocated between cash-generating units or groups of units. Business divisions and business areas with goodwill are Wealth Management with SEK 4,789m (4,750), Merchant Banking with SEK 1,022m (1,018), Retail Banking (excluding Card) with SEK 929m (929), Retail Banking – Card with SEK 905m (1,087), Life excluding Life Denmark with SEK 2,343m (2,343) and Life Denmark with SEK 299m (281). Goodwill from the Trygg Hansa acquisition, SEK 5,721m (5,721), generates cash flows in Wealth Management, Retail Banking and Life.

The impairment test of goodwill is based on the value in use, for respective group of cash generating units, with forecasted cash flows for a period of five years. The cash flows for the first three years are based on business plans as established by management. The cash flows for subsequent years are more subjective and are determined based on historical performance and market trends

for key assumptions such as growth, revenue and costs. The growth rate used after five years is based upon the expected long-term inflation rate, 1.5 (1.5) per cent. The discount rates used are estimates of the post tax cost of equity for the Group. Post tax cost of equity is determined based on information from external sources and an average of 10 (10) per cent has been applied. The same discount rate is used for all of the divisions above, which is consistent with both the external and internal view. The corresponding discount rates before tax are estimated to 11–13 (11–13) per cent.

The sensitivity analyses carried out, through an increase of the discount rates by one percentage point and a decrease of the growth rates by one percentage point, did not result in calculated recoverable amounts below the carrying amounts.

Net operating earnings from investment properties

	Group	
	2014	2013
External income	532	521
Operating costs ¹⁾	-181	-163
TOTAL	351	358

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 20m (15).

Net operating earnings from properties taken over for protection of claims

External income	59	47
Operating costs	-105	-84
TOTAL	-46	-37

SEB may in specific cases acquire assets used as collateral when the loan is in default and the customer can no longer meet its obligations towards SEB. Properties are held and managed during a restricted period with the intention to divest the assets when deemed appropriate.

30 OTHER ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Current tax assets	8,859	6,702	3,569	2,600
Deferred tax assets	1,637	1,586		
Trade and client receivables	9,550	5,840	9,348	5,552
Paid margins of safety	31,698	14,049	31,486	13,807
Other assets	10,397	12,045	6,920	5,699
TOTAL	62,141	40,222	51,323	27,658

Current tax assets

Other	8,859	6,702	3,569	2,600
Recognised in profit and loss	8,859	6,702	3,569	2,600
TOTAL	8,859	6,702	3,569	2,600

Deferred tax assets

Tax losses carry forwards	603	649		
Pension plan assets, net	-24	92		
Other temporary differences ¹⁾	391	412		
Recognised in profit and loss	970	1,153		
Pension plan assets, net	925	567		
Unrealised losses in available-for-sale financial assets	-258	-134		
Recognised in Shareholders' equity	667	433		
TOTAL	1,637	1,586		

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

Deferred tax assets on tax losses carried forward relates mainly to the Baltic countries and Germany and is based on SEB's assessment of future earnings in respective entity.

Tax losses carried forward in the SEB Group for which the tax asset are not recognised in the balance sheet amounts to SEK 4,981m (5,065) gross. These

are not recognised due to the uncertainty of possibility to use them. This includes losses where the amount only can be used for trade tax. The potential tax asset not recognised is SEK 1,092m (1,204).

All losses carried forward are without time limit.

Trade and client receivables

	Group		Parent company	
	2014	2013	2014	2013
Trade receivables	152	238		
Client receivables	9,398	5,602	9,348	5,552
TOTAL	9,550	5,840	9,348	5,552

Other assets

Pension plan assets, net	1,258	4,037		
Reinsurers share of insurance provisions	465	432		
Accrued interest income	74	76		
Other accrued income	1,201	1,332	2,118	2,042
Prepaid expenses	502	410		
Other	6,897	5,758	4,802	3,657
TOTAL	10,397	12,045	6,920	5,699

The Swiss tax authority has questioned a withholding tax refund. External experts confirm that it is probable that SEB's receivable will be settled. The legal proceeding amounts to SEK 720m (663).

31 LIABILITIES TO POLICYHOLDERS

	Group	
	2014	2013
Liabilities to policyholders – investment contracts	259,275	223,494
Liabilities to policyholders – insurance contracts	105,079	92,018
TOTAL	364,354	315,512

Liabilities to policyholders – investment contracts*

Opening balance	223,494	195,620
Reclassification to/from insurance contracts	-119	119
Change in investment contract provisions ¹⁾	32,666	27,149
Exchange rate differences	3,234	606
TOTAL	259,275	223,494

1) The net of premiums received during the year, return on investment funds less payments to the policyholders and deduction of fees and policyholders' tax.

* Insurance provisions where the policyholders are carrying the risk. The liabilities and the underlying assets are designated at fair value through profit or loss (fair value option).

Liabilities to policyholders – insurance contracts

Opening balance	92,018	90,353
Transfer of portfolios through divestments	-56	-84
Reclassification from/to investment contracts	119	-119
Change in collective bonus provisions	1,857	1,605
Change in other insurance contract provisions ¹⁾	5,531	-2,448
Exchange rate differences	5,610	2,711
TOTAL	105,079	92,018

1) The net of premiums received during the year, allocated guaranteed interest less payments to the policyholders and deduction of fees and policyholders' tax.

32 OTHER FINANCIAL LIABILITIES AT FAIR VALUE

	Group		Parent company	
	2014	2013	2014	2013
Trading liabilities	41,052	75,786	35,872	71,963
Derivatives held for trading	234,745	132,827	209,079	126,472
Held for trading	275,797	208,613	244,951	198,435
Derivatives held for hedging	2,967	3,880	2,559	3,270
Fair value changes of hedged items in portfolio hedge	1,999	1,452		
TOTAL	280,763	213,945	247,510	201,705

Trading liabilities

Short positions in equity instruments	15,237	44,231	13,523	43,301
Short positions in debt instruments	25,712	31,474	22,298	28,629
Accrued interest	103	81	51	33
TOTAL	41,052	75,786	35,872	71,963

Derivatives held for trading

Negative replacement values of interest-related derivatives	143,232	97,203	120,785	94,508
Negative replacement values of currency-related derivatives	73,431	26,431	72,375	23,485
Negative replacement values of equity-related derivatives	5,909	6,692	5,184	6,174
Negative replacement values of other derivatives	12,173	2,501	10,735	2,305
TOTAL	234,745	132,827	209,079	126,472

Derivatives held for hedging

Fair value hedges	975	1,675	975	1,675
Cash flow hedges	1,584	1,595	1,584	1,595
Portfolio hedges for interest rate risk	408	610		
TOTAL	2,967	3,880	2,559	3,270

33 OTHER LIABILITIES

	Group		Parent company	
	2014	2013	2014	2013
Current tax liabilities	3,000	1,997	800	882
Deferred tax liabilities	8,479	8,395	1,093	220
Trade and client payables	7,712	13,760	7,282	13,093
Withheld margins of safety	25,261	16,606	25,260	16,606
Other liabilities	25,805	27,348	15,521	15,812
TOTAL	70,257	68,106	49,956	46,613

Current tax liabilities

Other	3,000	1,997	718	710
Recognised in profit and loss	3,000	1,997	718	710
Group contributions			82	172
Recognised in Shareholders' equity			82	172
TOTAL	3,000	1,997	800	882

Deferred tax liabilities

Accelerated tax depreciation	6,737	6,723		
Unrealised profits in financial assets at fair value	16	2		
Pension plan assets and obligations, net	-75	24		
Other temporary differences ¹⁾	236	258		
Recognised in profit and loss	6,914	7,007		
Pension plan assets and obligations, net	353	888		
Unrealised profits in cash flow hedges	1,093	220	1,093	220
Unrealised profits in available-for-sale financial assets	119	280		
Recognised in Shareholders' equity	1,565	1,388	1,093	220
TOTAL	8,479	8,395	1,093	220

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

In Estonia no income tax is paid unless profit is distributed as dividend. No deferred tax liability is recognised related to possible future tax costs on dividends from Estonia. The tax rate applicable to dividends is 21 per cent (21).

Trade and client payables

Trade payables	310	620		
Client payables	7,402	13,140	7,282	13,093
TOTAL	7,712	13,760	7,282	13,093

Other liabilities

Accrued interest expense	16	20		
Other accrued expense	3,702	3,995	2,415	2,727
Prepaid income	1,983	1,167		
Other	20,104	22,166	13,106	13,085
TOTAL	25,805	27,348	15,521	15,812

34 PROVISIONS

	Group		Parent company	
	2014	2013	2014	2013
Other restructuring and redundancy reserves	588	608	50	59
Reserve for off-balance sheet items	87	274		2
Pensions (note 9 b) ¹⁾	995	82		
Other provisions	1,198	1,028	123	31
TOTAL	2,868	1,992	173	92

1) Part of the net (asset) amount recognised in balance sheet amounting to SEK 264m (3,956) in note 9b.

Other restructuring and redundancy reserves

Opening balance	608	696	59	121
Additions	314	67		
Amounts used	-114	-54	-9	-62
Unused amounts reversed	-267	-113		
Other movements	11	-8		
Exchange differences	36	20		
TOTAL	588	608	50	59

Reserve for off-balance-sheet items

Opening balance	274	300	2	3
Additions	51	106		
Amounts used	-258			
Unused amounts reversed	-8	-97	-2	-1
Other movements	16			
Exchange differences	12	-35		
TOTAL	87	274	0	2

Other provisions

Opening balance	1,028	876	31	36
Additions	298	315		
Amounts used	-121	-145	92	-5
Unused amounts reversed	-38	-49		
Other movements	-13	18		
Exchange differences	44	13		
TOTAL	1,198	1,028	123	31

Other provision mainly consists of costs for re-organisation within the Group to be used within four years and unsettled claims covering all operating segments; among others in the divested German retail business to be settled within four years and tax returns within Life U.K. branch under decommission.

35 SUBORDINATED LIABILITIES

	Group		Parent company	
	2014	2013	2014	2013
Debtenture loans	16,624	6,740	16,552	6,672
Debtenture loans, perpetual	21,945	14,863	21,945	14,863
Debtenture loans, hedged positions	1,041	756	1,041	756
Accrued interest	655	450	653	448
TOTAL	40,265	22,809	40,191	22,739

Debtenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2012/2022	EUR	750	7,094	4.000
2014/2021	EUR	1,000	9,458	1)
Total parent company			16,552	
Debtenture loans issued by SEB AG			72	
TOTAL GROUP			16,624	

Debtenture loans, perpetual

	Currency	Original nom. amount	Book value	Rate of interest, %
1995	JPY	10 000	652	4.400
2005	USD	600	3,289	5.471
2007	EUR	500	4,729	7.092
2009	EUR	500	4,729	9.250
2014	USD	1,100	8,546	5.750
TOTAL			21,945	

1) FRN, Floating Rate Note.

36 UNTAXED RESERVES¹⁾

	Parent company	
	2014	2013
Depreciation in excess of plan on office equipment/leased assets	23,097	23,690
Other untaxed reserves	5	4
TOTAL	23,102	23,694

1) In the balance sheet of the Group untaxed reserves are reclassified partly as deferred tax liability and partly as restricted equity.

Parent company

	Excess depreciation	Appropriation reserve	Other untaxed reserves	Total
Opening balance	25,051	1,291	4	26,346
Appropriations	-1,361	-1,291		-2,652
Closing balance 2013	23,690		4	23,694
Appropriations	-593		1	-592
CLOSING BALANCE 2014	23,097		5	23,102

37 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Parent company	
	2014	2013	2014	2013
Collateral and comparable security pledged for own liabilities	802,345	689,663	366,518	316,525
Other pledged assets and comparable collateral	127,792	111,914	116,228	98,927
Contingent liabilities	116,566	103,399	98,966	84,767
Commitments	559,575	486,844	382,324	335,048

Collateral and comparable security pledged for own liabilities*

Bonds		2,074		2,074
Repos	9,329	14,562	9,278	13,117
Assets collateralised for issued mortgage covered bonds	340,571	326,379	315,483	301,157
Assets collateralised for issued public covered bonds	18,705	19,223	41,743	164
Other collateral	69,386	1,708	14	13
Collateral pledged for own liabilities	437,991	363,946	366,518	316,525
Assets pledged for insurance contracts	105,079	102,222		
Assets pledged for investment contracts ¹⁾	259,275	223,495		
Assets pledged for own liabilities to insurance policyholders	364,354	325,717		
TOTAL	802,345	689,663	366,518	316,525

* Transfers that do not qualify for derecognition.

1) Shares in funds.

Other pledged assets and comparable collateral

Bonds ²⁾	73,496	50,367	73,496	50,367
Securities lending	51,722	58,046	40,158	45,059
Other	2,574	3,501	2,574	3,501
TOTAL	127,792	111,914	116,228	98,927

2) Pledged but unencumbered bonds.

Contingent liabilities

Guarantee commitments, credits ³⁾	34,875	14,630	14,733	13,786
Guarantee commitments, other	69,048	75,695	73,540	60,973
Own acceptances	900	996	862	961
Total	104,823	91,321	89,135	75,720
Approved, but unutilised letters of credit	11,743	12,078	9,831	9,047
TOTAL	116,566	103,399	98,966	84,767

3) SEB does not regularly securitise its assets and has no outstanding own issues. For liquidity facilities and other facilities to conduits see note 27.

Other contingent liabilities

The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary in Luxembourg's branch in Singapore is able to fulfil its commitments.

The parent company has issued a deposit guarantee for SEB AG in Germany to the Bundesverband deutscher Banken e.V.

Legal proceedings

Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the Group.

Commitments

Granted undrawn credit	305,411	265,916	246,304	217,197
Unutilised part of approved overdraft facilities	138,463	122,325	70,412	62,752
Securities borrowing	99,263	89,605	64,322	54,406
Other commitments	16,438	8,998	1,286	693
TOTAL	559,575	486,844	382,324	335,048

Discretionary managed assets

Discretionary managed assets in the parent company amounted to SEK 440 bn (422).

Note 37 ctd. Pledged assets, contingent liabilities and commitments

Transferred financial assets entirely recognized ¹⁾

Group, 2014	Transferred assets				Associated liabilities				Associated collateral received ²⁾
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending
Financial assets held for trading									
Equity instruments	35,821		15,277	51,098	5,207		15,277	20,484	28,191
Debt securities	6,703	6,715	5,210	18,628	640	6,238	5,390	12,268	6,063
TOTAL	42,524	6,715	20,487	69,726	5,847	6,238	20,667	32,752	34,254

2013

Financial assets held for trading									
Equity instruments	39,917		11,141	51,058	21,477		11,141	32,618	22,580
Debt securities	922	21,551	4,659	27,132	648	21,401	4,820	26,869	528
TOTAL	40,839	21,551	15,800	78,190	22,125	21,401	15,961	59,487	23,108

Parent company, 2014	Transferred assets				Associated liabilities				Associated collateral received ²⁾
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending
Financial assets held for trading									
Equity instruments	16,138		15,109	31,247	3,582		15,109	18,691	11,562
Debt securities	5,520	6,750	5,234	17,504	640	6,300	5,415	12,355	4,881
TOTAL	21,658	6,750	20,343	48,751	4,222	6,300	20,524	31,046	16,443

2013

Financial assets held for trading									
Equity instruments	30,715		11,141	41,856	15,014		11,141	26,155	17,237
Debt securities		20,115	4,659	24,774		19,956	4,820	24,776	
TOTAL	30,715	20,115	15,800	66,630	15,014	19,956	15,961	50,931	17,237

1) Carrying amount and fair value are the same.

2) Other than cash collateral.

3) Assets provided as collateral for derivatives trading, clearing etc.

Pledged assets

Assets are transferred for repurchase agreements and securities lending agreements. The counterpart has the right to sell or repledge the assets. Other transferred assets refer to assets provided as collateral for derivatives trading, clearing etc., where the title to the instrument has been transferred to the counterparty. The assets continue to be recognised on SEB's balance sheet since SEB is still exposed to changes in the fair value of the assets. The carrying value and fair value of the assets transferred as collateral for liabilities or contingent liabilities are shown in the table above.

SEB issues covered bonds secured by mortgage loans pledged as security according to the local legislation. The pledged securities are mainly residential mortgages in single family homes, tenant owned homes or other residential

apartment buildings. The loan-to-value ratio does not exceed 75 per cent. In the event of SEB's insolvency, the holders of the covered bonds have priority to the assets registered as collateral.

Obtained collateral

SEB obtains collateral under reverse repurchase agreements and securities borrowing agreements. Under the terms of standard financial market agreements SEB has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transactions.

More information about the accounting of repurchase agreements and securities lending can be found in the accounting principles.

38 CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

Group	2014			2013		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Assets						
Cash and cash balances with central banks	103,098		103,098	173,950		173,950
Other lending to central banks	16,817		16,817	9,661		9,661
Loans to other credit institutions	76,555	14,390	90,945	84,104	18,519	102,623
Loans to the public	683,732	671,948	1,355,680	617,283	685,285	1,302,568
Securities held for trading	298,300		298,300	318,329		318,329
Derivatives held for trading	250,965		250,965	129,900		129,900
Derivatives held for hedging	22,546		22,546	12,477		12,477
Fair value changes of hedged items in a portfolio hedge	173		173	399		399
Financial assets – policyholders bearing the risk	258,945		258,945	234,062		234,062
Other financial assets at fair value	105,915		105,915	81,457		81,457
Financial assets at fair value	936,844		936,844	776,624		776,624
Available-for-sale financial assets	46,014		46,014	48,903		48,903
Held-to-maturity investments	91		91	85		85
Assets held for sale	841		841			
Investments in associates		1,251	1,251		1,274	1,274
Intangible assets	1,465	15,769	17,234	1,365	15,806	17,171
Property and equipment	416	414	830	457	492	949
Investment properties	9,460		9,460	10,804		10,804
Tangible and intangible assets	11,341	16,183	27,524	12,626	16,298	28,924
Current tax assets	8,859		8,859	6,702		6,702
Deferred tax assets		1,637	1,637		1,586	1,586
Trade and client receivables	9,550		9,550	5,840		5,840
Withheld margins of safety	31,698		31,698	14,049		14,049
Other assets	10,397		10,397	12,045		12,045
Other assets	60,504	1,637	62,141	38,636	1,586	40,222
TOTAL	1,935,837	705,409	2,641,246	1,761,872	722,962	2,484,834

Liabilities	2014			2013		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from central banks and credit institutions	105,091	10,095	115,186	166,884	9,307	176,191
Deposits and borrowing from the public	881,596	61,518	943,114	784,565	64,910	849,475
Liabilities to policyholders – investment contracts	9,064	250,211	259,275	8,573	214,921	223,494
Liabilities to policyholders – insurance contracts	15,975	89,104	105,079	11,654	80,364	92,018
Liabilities to policyholders	25,039	339,315	364,354	20,227	295,285	315,512
Debt securities	282,057	407,806	689,863	347,223	366,767	713,990
Derivatives held for trading	41,052		41,052	75,786		75,786
Derivatives held for hedging	234,745		234,745	132,827		132,827
Trading liabilities	2,967		2,967	3,880		3,880
Fair value changes of hedged items in portfolio hedge	1,999		1,999	1,452		1,452
Financial liabilities at fair value	280,763		280,763	213,945		213,945
Current tax liabilities	3,000		3,000	1,997		1,997
Deferred tax liabilities		8,479	8,479		8,395	8,395
Trade and client payables	7,712		7,712	13,760		13,760
Withheld margins of safety	25,261		25,261	16,606		16,606
Other liabilities	25,805		25,805	27,348		27,348
Other liabilities	61,778	8,479	70,257	59,711	8,395	68,106
Provisions		2,868	2,868		1,992	1,992
Subordinated liabilities		40,265	40,265		22,809	22,809
TOTAL	1,636,324	870,346	2,506,670	1,592,555	769,465	2,362,020

39 FINANCIAL ASSETS AND LIABILITIES BY CLASS

Group	Book value						Fair value			
	Held for trading	Designated at fair value through p/l	Available-for-sale	Loans and receivables	Held-to-maturity	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, 2014										
Loans				1,533,550		1,533,550	45,188	151	1,504,165	1,549,504
Equity instruments	101,052	25,115	2,907			129,074	101,814	15,139	12,121	129,074
Debt instruments	197,248	80,800	43,107	31,123	91	352,369	145,703	174,255	32,615	352,573
Derivative instruments	250,965	22,546				273,511	5,020	258,520	9,971	273,511
Financial assets – policyholders bearing the risk		258,945				258,945	249,543	7,335	2,067	258,945
Other		173		43,384		43,557	1,866	173	41,518	43,557
Financial assets	549,265	387,579	46,014	1,608,057	91	2,591,006	549,134	455,573	1,602,457	2,607,164
Other assets (non-financial)						50,240				
TOTAL	549,265	387,579	46,014	1,608,057	91	2,641,246				

2013

Loans				1,551,591		1,551,591	187,069	110	1,370,590	1,557,769
Equity instruments	132,459	21,091	4,178			157,728	118,182	29,160	10,386	157,728
Debt instruments	185,870	60,366	44,725	34,684	85	325,730	121,766	167,766	36,218	325,750
Derivative instruments	129,900	12,477				142,377	2,619	136,038	3,720	142,377
Financial assets – policyholders bearing the risk		234,062				234,062	228,772	3,365	1,925	234,062
Other		399		22,703		23,102	2,527		20,575	23,102
Financial assets	448,229	328,395	48,903	1,608,978	85	2,434,590	660,935	336,439	1,443,414	2,440,788
Other assets (non-financial)						50,244				
TOTAL	448,229	328,395	48,903	1,608,978	85	2,484,834				

Group	Book value				Fair value			
	Held for trading	Designated at fair value through p/l	Amortised costs	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Liabilities, 2014								
Deposits			1,007,257	1,007,257	29,324	98	976,092	1,005,514
Equity instruments	15,237			15,237	14,714	48	475	15,237
Debt instruments	25,815	31,547	749,624	806,986	16,703	750,379	59,970	827,052
Derivative instruments	234,745	2,967		237,712	6,826	221,226	9,660	237,712
Liabilities to policyholders – investment contracts		259,275		259,275	249,914	7,305	2,056	259,275
Other		1,999	33,418	35,417		1,999	33,418	35,417
Financial liabilities	275,797	295,788	1,790,299	2,361,884	317,481	981,055	1,081,671	2,380,207
Other liabilities (non-financial)				144,786				
Total equity				134,576				
TOTAL	275,797	295,788	1,790,299	2,641,246				

2013

Deposits			1,025,666	1,025,666	24,997	1,658	1,005,898	1,032,553
Equity instruments	44,231			44,231	43,678	64	489	44,231
Debt instruments	31,555	29,997	706,802	768,354	23,513	38,086	712,148	773,747
Derivative instruments	132,827	3,880		136,707	5,437	127,532	3,738	136,707
Liabilities to policyholders – investment contracts		223,494		223,494	218,914	3,119	1,461	223,494
Other		1,452	30,753	32,205	11		32,255	32,266
Financial liabilities	208,613	258,823	1,763,221	2,230,657	316,550	170,459	1,755,989	2,242,998
Other liabilities (non-financial)				131,363				
Total equity				122,814				
TOTAL	208,613	258,823	1,763,221	2,484,834				

Note 39 ctd. Financial assets and liabilities by class

Parent company	Book value					Total
	Held for trading	Designated at fair value through p/l	Available-for-sale	Loans and receivables	Held-to-maturity	
Assets, 2014						
Loans				1,288,060		1,288,060
Equity instruments	76,496	242	56,827	0		133,565
Debt instruments	192,951		13,509	22,051	91	228,602
Derivative instruments	221,150	20,899		0		242,049
Other				41,906		41,906
Financial assets	490,597	21,141	70,336	1,352,017	91	1,934,182
Other assets (non-financial)						51,960
TOTAL	490,597	21,141	70,336	1,352,017	91	1,986,142

2013

Loans				1,306,936		1,306,936
Equity instruments	117,678	125	55,057	0		172,860
Debt instruments	181,900		14,983	24,737	85	221,705
Derivative instruments	122,267	11,461		0		133,728
Other				20,550		20,550
Financial assets	421,845	11,586	70,040	1,352,223	85	1,855,779
Other assets (non-financial)						48,379
TOTAL	421,845	11,586	70,040	1,352,223	85	1,904,158

Liabilities, 2014	Book value			Total
	Held for trading	Designated at fair value through p/l	Amortised costs	
Deposits			851,228	851,228
Equity instruments	13,523		0	13,523
Debt instruments	22,349		722,710	745,059
Derivative instruments	209,079	2,559	0	211,638
Other			32,542	32,542
Financial liabilities	244,951	2,559	1,606,480	1,853,990
Other liabilities (non-financial)				17,587
Total equity				114,565
TOTAL	244,951	2,559	1,606,480	1,986,142

2013

Deposits			821,471	821,471
Equity instruments	43,301		0	43,301
Debt instruments	28,662		726,827	755,489
Derivative instruments	126,472	3,270	0	129,742
Other			29,699	29,699
Financial liabilities	198,435	3,270	1,577,997	1,779,702
Other liabilities (non-financial)				17,006
Total equity				107,450
TOTAL	198,435	3,270	1,577,997	1,904,158

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans are further specified in note 18 a and 19.

Equity instruments includes shares, rights issues and similar contractual rights of other entities.

Debt instruments includes contractual rights to receive or obligations to deliver cash on a predetermined date. These are further specified in note 18 f and 41.

Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 42.

Investment contracts include those assets and liabilities in the Life insurance operations where the policyholder is carrying the risk of the contractual agreement (is not qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 46.

Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 46.

Other includes other financial assets and liabilities recognised in accordance with IAS 39, i.e. Trade and client receivables/payables and Withheld/paid margins of safety.

40 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING OR NETTING ARRANGEMENTS

Group, 2014	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
Derivatives	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	0			0	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	-82	-1	4,211	11,422
Securities lending	23,417		23,417	-10,979	-9,318	3,120	11,045	34,462
Client payables	5,915	-5,915	0			0	7,402	7,402
Liabilities	289,674	-22,243	267,431	-212,425	-44,919	10,087	23,567	290,998
2013								
Derivatives	133,062	-6,598	126,464	-92,576	-23,349	10,539	15,913	142,377
Reversed repo receivables	97,138	-4,148	92,990	-9,364	-80,707	2,919	17,483	110,473
Securities borrowing	42,728	-5,334	37,394	-6,801	-27,782	2,811	2,393	39,787
Client receivables	8,060	-8,060	0			0	5,601	5,601
Assets	280,988	-24,140	256,848	-108,741	-131,838	16,269	41,390	298,238
Derivatives	138,065	-6,598	131,467	-92,576	-25,612	13,279	5,239	136,706
Repo payables	14,678	-4,148	10,530	-9,364	-1,166	0	11,317	21,847
Securities lending	19,709	-5,334	14,375	-6,801	-7,574	0	13,686	28,061
Client payables	8,060	-8,060	0			0	13,140	13,140
Liabilities	180,512	-24,140	156,372	-108,741	-34,352	13,279	43,382	199,754
Parent company, 2014								
Derivatives	228,073		228,073	-167,405	-37,016	23,652	13,976	242,049
Reversed repo receivables	90,071	-9,412	80,659	-7,097	-73,562	0	6,949	87,608
Securities borrowing	12,987		12,987	-7,542	-5,445	0	3,588	16,575
Client receivables	5,915	-5,915	0			0	9,348	9,348
Assets	337,046	-15,327	321,719	-182,044	-116,023	23,652	33,861	355,580
Derivatives	197,493		197,493	-167,405	-30,088	0	14,145	211,638
Repo payables	16,572	-9,412	7,160	-7,097	-63	0	4,211	11,371
Securities lending	15,265		15,265	-7,542	-7,723	0	11,033	26,298
Client payables	5,915	-5,915	0			0	7,282	7,282
Liabilities	235,245	-15,327	219,918	-182,044	-37,874	0	36,671	256,589
2013								
Derivatives	119,834		119,834	-90,018	-23,349	6,467	13,894	133,728
Reversed repo receivables	93,758	-4,148	89,610	-8,903	-80,707	0	17,474	107,084
Securities borrowing	23,994	-5,334	18,660	-5,549	-13,111	0	2,393	21,053
Client receivables	8,060	-8,060	0			0	5,552	5,552
Assets	245,646	-17,542	228,104	-104,470	-117,167	6,467	39,313	267,417
Derivatives	124,272		124,272	-90,018	-25,612	8,642	5,470	129,742
Repo payables	13,233	-4,148	9,085	-8,903	-182	0	11,317	20,402
Securities lending	18,001	-5,334	12,667	-5,549	-7,118	0	13,685	26,352
Client payables	8,060	-8,060	0			0	13,093	13,093
Liabilities	163,566	-17,542	146,024	-104,470	-32,912	8,642	43,565	189,589

The table shows financial assets and liabilities that are presented net in the balance sheet or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral.

Financial assets and liabilities are presented net in the balance sheet when SEB has legally enforceable rights to set-off, in the ordinary course of business and in the case of bankruptcy, and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Repos with central counterparty clearing houses that SEB has agreements with and client receivables and client payables are examples of instruments that are presented net in the balance sheet.

Financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements that are not presented net in the balance sheet are arrangements that are usually enforceable in the case of bankruptcy or default but not in the ordinary course of business or arrangements where SEB does not have the intention to settle the instruments simultaneously.

Assets and liabilities that are not subject to offsetting or netting arrangements, i.e. those that are only subject to collateral agreements, are presented as Other instruments in balance sheet not subject to netting arrangements.

41 DEBT INSTRUMENTS BY ISSUERS

Eligible debt instruments*							
Group, 2014	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions						5,478	5,478
Loans to the public					8,496	3,021	11,517
Securities held for trading	19,653	4,095		309	32,334	1,518	57,909
Other financial assets at fair value					3,390	967	4,357
Available-for-sale financial assets	103				23,774	821	24,698
TOTAL	19,756	4,095		309	67,994	11,805	103,959
2013							
Loans to credit institutions						7,464	7,464
Loans to the public					8,002	1,922	9,924
Securities held for trading	15,039	2,268	27	205	33,834	2,413	53,786
Other financial assets at fair value					3,491		3,491
Available-for-sale financial assets					7,364	14,945	22,309
TOTAL	15,039	2,268	27	205	52,691	26,744	96,974
Parent company, 2014							
Loans to the public					8,034		8,034
Securities held for trading	19,651	4,095		13,463	17,677		54,886
Available-for-sale financial assets					6,861		6,861
TOTAL	19,651	4,095		13,463	32,572		69,781
2013							
Loans to the public					7,555		7,555
Securities held for trading	14,938	2,268			33,491		50,697
Available-for-sale financial assets					6,979		6,979
TOTAL	14,938	2,268			48,025		65,231

* Accrued interest excluded.

Eligible papers are considered as such if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

Other debt instruments*							
Group, 2014	Swedish Government and municipalities	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions		1,892				1,729	3,621
Loans to the public			209			10,003	10,212
Securities held for trading		51,671	3,399	10,053	883	72,064	138,070
Insurance assets at fair value	2,440	2,754	674	1,466	9,906	58,425	75,665
Available-for-sale financial assets	223				12,518	5,191	17,932
Held-to-maturity financial assets						91	91
TOTAL	2,663	56,317	4,282	11,519	23,307	147,503	245,591
2013							
Loans to credit institutions		1,779				1,879	3,658
Loans to the public			212			13,147	13,359
Securities held for trading		41,369	5,387	9,485	6	74,373	130,620
Insurance assets at fair value	3,100	2,513	510	1,183	4,825	44,041	56,172
Available-for-sale financial assets	87				225	21,496	21,808
Held-to-maturity financial assets						85	85
TOTAL	3,187	45,661	6,109	10,668	5,056	155,021	225,702
Parent company, 2014							
Loans to credit institutions		1,892				1,729	3,621
Loans to the public			209			9,961	10,170
Securities held for trading		51,654	3,399	10,053		71,725	136,831
Available-for-sale financial assets						6,449	6,449
Held-to-maturity financial assets						90	90
TOTAL		53,546	3,608	10,053		89,954	157,161
2013							
Loans to credit institutions		1,779				1,879	3,658
Loans to the public			212			13,094	13,306
Securities held for trading		41,369	5,387	9,485		73,535	129,776
Available-for-sale financial assets						7,710	7,710
Held-to-maturity financial assets						85	85
TOTAL		43,148	5,599	9,485		96,303	154,535

* Accrued interest excluded.

42 DERIVATIVE INSTRUMENTS

	Group		Parent company	
	2014	2013	2014	2013
Interest-related	175,480	108,650	145,820	102,824
Currency-related	80,770	24,979	80,831	22,723
Equity-related	5,521	5,923	4,567	5,507
Other	11,740	2,825	10,831	2,674
Positive replacement values	273,511	142,377	242,049	133,728
Interest-related	146,199	101,083	123,344	97,778
Currency-related	73,431	26,431	72,375	23,485
Equity-related	5,909	6,692	5,184	6,174
Other	12,173	2,501	10,735	2,305
Negative replacement values	237,712	136,707	211,638	129,742

Group, 2014	Positive replacement values		Negative replacement values	
	Nom. amount	Book value	Nom. amount	Book value
Options	292,333	19,202	336,081	20,539
Futures	1,697,437	2,343	1,686,800	2,641
Swaps	6,827,262	153,935	6,819,020	123,019
Interest-related	8,817,032	175,480	8,841,901	146,199
<i>of which, cleared</i>	<i>4,490</i>		<i>9,376</i>	<i>49</i>
Options	309,082	3,692	310,952	3,454
Futures	648,481	15,181	637,037	10,569
Swaps	4,080,760	61,897	4,055,128	59,408
Currency-related	5,038,323	80,770	5,003,117	73,431
Options	53,205	4,349	11,264	2,197
Futures	3,927	170	3,098	188
Swaps	87,624	1,002	93,057	3,524
Equity-related	144,756	5,521	107,419	5,909
<i>of which, cleared</i>	<i>3,898</i>	<i>435</i>	<i>3,098</i>	<i>203</i>
Options	104,013	4,336	103,980	4,098
Futures	14,944	4,664	17,208	4,973
Swaps	45,798	2,740	40,225	3,102
Other	164,755	11,740	161,413	12,173
<i>of which, cleared</i>	<i>3,174</i>	<i>639</i>	<i>1,833</i>	<i>1,500</i>
TOTAL	14,164,866	273,511	14,113,850	237,712
<i>of which, cleared</i>	<i>11,562</i>	<i>1,074</i>	<i>14,307</i>	<i>1,752</i>

2013

Options	279,992	11,312	185,249	11,258
Futures	1,798,565	1,094	1,629,053	1,391
Swaps	6,380,899	96,244	6,233,027	88,434
Interest-related	8,459,456	108,650	8,047,329	101,083
<i>of which, cleared</i>	<i>709</i>	<i>7</i>	<i>16,690</i>	<i>6</i>
Options	212,754	1,501	187,940	1,101
Futures	348,515	3,721	356,350	5,407
Swaps	2,915,695	19,757	2,893,726	19,923
Currency-related	3,476,964	24,979	3,438,016	26,431
<i>of which, cleared</i>		<i>24</i>		<i>34</i>
Options	1,793,314	3,592	419,770	2,316
Futures	1,275	158	1,257	179
Swaps	110,731	2,173	118,118	4,197
Equity-related	1,905,320	5,923	539,145	6,692
<i>of which, cleared</i>	<i>1,245</i>	<i>282</i>	<i>6,087</i>	<i>635</i>
Options	47,439	1,140	47,272	1,291
Futures	6,450	976	9,766	901
Swaps	26,661	709	25,664	309
Other	80,550	2,825	82,702	2,501
<i>of which, cleared</i>	<i>3,627</i>	<i>71</i>	<i>2,846</i>	<i>74</i>
TOTAL	13,922,290	142,377	12,107,192	136,707
<i>of which, cleared</i>	<i>5,581</i>	<i>384</i>	<i>25,623</i>	<i>749</i>

Note 42 ctd. Derivative instruments

Parent company, 2014	Positive replacement values		Negative replacement values	
	Nom. amount	Book value	Nom. amount	Book value
Options	164,135	5,563	109,642	5,832
Futures	1,692,946	2,343	1,677,810	2,585
Swaps	6,845,111	137,914	6,844,994	114,927
Interest-related	8,702,192	145,820	8,632,446	123,344
Options	312,450	3,231	311,916	3,363
Futures	648,763	14,548	643,144	9,663
Swaps	4,236,151	63,052	4,232,870	59,349
Currency-related	5,197,364	80,831	5,187,930	72,375
<i>of which, cleared</i>				
Options	53,306	3,580	11,989	1,929
Futures		180		188
Swaps	87,602	807	87,175	3,067
Equity-related	140,908	4,567	99,164	5,184
<i>of which, cleared</i>		202		202
Options	103,632	4,224	103,854	3,985
Futures	14,928	4,663	17,191	4,972
Swaps	40,563	1,944	34,757	1,778
Other	159,123	10,831	155,802	10,735
<i>of which, cleared</i>	2,762	525	1,690	1,386
TOTAL	14,199,587	242,049	14,075,342	211,638
<i>of which, cleared</i>	2,762	727	1,690	1,588

2013

Options	234,738	4,568	329,987	4,639
Futures	1,856,401	1,721	1,671,369	2,397
Swaps	6,500,703	96,535	6,500,880	90,742
Interest-related	8,591,842	102,824	8,502,236	97,778
Options	165,337	1,164	164,786	1,039
Futures	291,935	2,507	295,333	3,684
Swaps	2,885,906	19,052	2,883,442	18,762
Currency-related	3,343,178	22,723	3,343,561	23,485
<i>of which, cleared</i>		24		24
Options	1,792,310	3,251	409,736	1,921
Futures		156		179
Swaps	108,851	2,100	108,214	4,074
Equity-related	1,901,161	5,507	517,950	6,174
<i>of which, cleared</i>		272		631
Options	42,527	1,016	42,993	1,121
Futures	5,193	949	9,766	875
Swaps	26,661	709	25,664	309
Other	74,381	2,674	78,423	2,305
<i>of which, cleared</i>	1,820	-27	2,846	-25
TOTAL	13,910,562	133,728	12,442,170	129,742
<i>of which, cleared</i>	1,820	269	2,846	630

43 FUTURE MINIMUM LEASE PAYMENTS FOR OPERATIONAL LEASES*

	Group		Parent company	
	2014	2013	2014	2013
Year 2014		1,124		725
Year 2015	1,139	989	754	620
Year 2016	1,045	705	688	388
Year 2017	1,105	588	765	288
Year 2018	1,075	465	783	246
Year 2019 and later ¹⁾	5,868	1,794	4,738	1,001
TOTAL	10,232	5,665	7,728	3,268

* Leases for premises and other operational leases.

1) In 2014 SEB signed a long-term rental agreement for new premises in Stockholm replacing several agreements expiring shortly.

44 FINANCE LEASES

	Group	
	2014	2013
Book value	64,302	59,828
Gross investment	70,203	66,343
Present value of minimum lease payment receivables	60,427	55,882
Unearned finance income	5,727	6,364
Reserve for impaired uncollectable minimum lease payments	-255	-159

	Group 2014			Group 2013		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	6,972	6,771	6,458	4,849	7,406	6,492
– more than 1 year but maximum 5 years	28,235	30,848	27,407	28,728	29,057	26,014
– more than 5 years	29,095	32,584	26,562	26,251	29,880	23,376
TOTAL	64,302	70,203	60,427	59,828	66,343	55,882

The leased assets mainly comprise transport vehicles, machinery and facilities. The largest lease engagement amounts to SEK 6.7 billion (5.0).

45 ASSETS AND LIABILITIES DISTRIBUTED BY MAIN CURRENCIES

Group, 2014	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash, cash balances and other lending to central banks	1,045	37,822	51,666	103	4,308	12,134	12,837	119,915
Loans to credit institutions	12,485	38,056	25,342	2,163	2,361	4,748	5,790	90,945
Loans to the public	754,455	324,408	111,411	19,151	72,093	43,906	30,256	1,355,680
Other financial assets	477,636	266,728	82,527	14,359	123,572	38,715	20,929	1,024,466
Other assets	24,612	10,928	1,382	373	9,459	798	2,688	50,240
TOTAL ASSETS	1,270,233	677,942	272,328	36,149	211,793	100,301	72,500	2,641,246

Deposits from central banks	1,560	21,857	18,862	121	1			42,401
Deposits from credit institutions	22,460	23,554	5,433	2,463	8,355	8,422	2,098	72,785
Deposits and borrowing from the public	422,820	247,632	158,145	15,668	18,230	34,116	46,503	943,114
Other financial liabilities	622,957	312,463	264,494	28,344	46,429	24,379	4,518	1,303,584
Other liabilities	27,587	12,440	5,806	282	95,190	1,051	2,430	144,786
Total equity	134,576							134,576
TOTAL LIABILITIES AND EQUITY	1,231,960	617,946	452,740	46,878	168,205	67,968	55,549	2,641,246

2013

Cash, cash balances and other lending to central banks	2,386	30,649	126,620	104	1,336	11,659	10,857	183,611
Loans to credit institutions	17,639	42,860	26,109	1,569	6,982	1,278	6,186	102,623
Loans to the public	746,094	306,085	85,695	16,727	68,949	44,506	34,512	1,302,568
Other financial assets	347,347	235,807	42,727	28,278	116,410	59,199	16,020	845,788
Other assets	24,335	9,410	2,615	273	8,802		4,809	50,244
TOTAL ASSETS	1,137,801	624,811	283,766	46,951	202,479	116,642	72,384	2,484,834

Deposits from central banks	789	534	58,098	1,331	1,315	82	264	62,413
Deposits from credit institutions	30,363	27,572	21,633	1,513	22,212	6,763	3,722	113,778
Deposits and borrowing from the public	387,020	245,658	121,770	11,363	10,820	23,662	49,182	849,475
Other financial liabilities	509,424	311,987	253,559	43,033	41,695	41,187	4,106	1,204,991
Other liabilities	31,652	8,153	2,301	770	82,621	790	5,076	131,363
Total equity	122,814							122,814
TOTAL LIABILITIES AND EQUITY	1,082,062	593,904	457,361	58,010	158,663	72,484	62,350	2,484,834

Note 45 ctd. Assets and liabilities distributed by main currencies

Parent company, 2014	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with central banks	147	4	51,596		496	5,857	1,070	59,170
Loans to credit institutions	18,745	98,670	36,883	4,985	9,348	16,253	9,401	194,285
Loans to the public	713,460	104,606	104,517	13,256	70,821	35,450	14,697	1,056,807
Other financial assets	286,475	155,990	56,028	12,935	50,290	38,578	23,624	623,920
Other assets	23,768	17,795	1,691	1,388	884	4,036	2,398	51,960
TOTAL ASSETS	1,042,595	377,065	250,715	32,564	131,839	100,174	51,190	1,986,142
Deposits from central banks								0
Deposits from credit institutions	36,451	56,261	29,667	2,762	7,033	9,539	3,063	144,776
Deposits and borrowing from the public	412,452	65,895	147,144	13,871	19,639	32,841	14,610	706,452
Other financial liabilities	423,021	241,178	261,570	26,649	23,422	24,112	2,810	1,002,762
Other liabilities	2,933	3,029	2,016	1,022	1,586	4,277	2,724	17,587
Shareholders' equity and untaxed reserves	114,565							114,565
TOTAL LIABILITIES AND EQUITY	989,422	366,363	440,397	44,304	51,680	70,769	23,207	1,986,142
2013								
Cash and balances with central banks	134	1,723	126,536		1,327	4,439	1,150	135,309
Loans to credit institutions	27,031	85,596	34,070	4,140	9,863	13,599	9,013	183,312
Loans to the public	709,077	92,354	79,569	12,328	67,848	37,769	14,243	1,013,188
Other financial assets	187,843	152,395	28,873	28,551	49,302	58,509	18,497	523,970
Other assets	12,201	12,847	15,920	2,246	389	3,214	1,562	48,379
TOTAL ASSETS	936,286	344,915	284,968	47,265	128,729	117,530	44,465	1,904,158
Deposits from central banks	789	533	58,098	1,331			1,662	62,413
Deposits from credit institutions	36,956	38,730	25,942	2,028	23,647	7,175	13,346	147,824
Deposits and borrowing from the public	380,007	59,232	113,811	9,979	11,649	25,319	11,237	611,234
Other financial liabilities	361,986	234,426	252,715	42,464	23,671	40,992	1,977	958,231
Other liabilities	2,141	2,049	659	1,860	1,374	5,071	3,852	17,006
Shareholders' equity and untaxed reserves	107,450							107,450
TOTAL LIABILITIES AND EQUITY	889,329	334,970	451,225	57,662	60,341	78,557	32,074	1,904,158

46 LIFE INSURANCE OPERATIONS

INCOME STATEMENT	Group	
	2014	2013
Premium income, net	7,628	6,259
Income investment contracts		
– Own fees including risk gain/loss	1,427	1,417
– Commissions from fund companies	1,568	1,440
	2,995	2,857
Net investment income	9,542	3,036
Other operating income	495	374
Total income, gross	20,660	12,526
Claims paid, net	–8,510	–8,722
Change in insurance contract provisions	–7,363	786
Total income, net	4,787	4,590
<i>Of which from other units within the SEB group</i>	<i>1,442</i>	<i>1,335</i>
Expenses for acquisition of investment and insurance contracts		
– Acquisition costs	–1,817	–1,633
– Change in deferred acquisition costs	92	51
	–1,725	–1,582
Administrative expenses	–996	–1,116
Total expenses	–2,721	–2,698
OPERATING PROFIT	2,066	1,892
CHANGE IN SURPLUS VALUES IN DIVISION LIFE		
Present value of new sales ¹⁾	891	837
Return on existing policies	1,461	1,537
Realised surplus value in existing policies	–2,711	–2,665
Actual outcome compared to assumptions ²⁾	230	–1,430
Change in surplus values from ongoing business, gross	–129	–1,721
Capitalisation of acquisition costs	–1,036	–942
Amortisation of capitalised acquisition costs	944	891
Change in deferred front end fees	113	73
Change in surplus values from ongoing business, net ³⁾	–108	–1,699
Financial effects due to short-term market fluctuations ⁴⁾	2,554	1,087
Change in assumptions ⁵⁾	–63	–957
TOTAL CHANGE IN SURPLUS VALUES ⁶⁾	2,383	–1,569

Calculations of surplus value in the life insurance operations are based on assumptions of the future development of existing insurance contracts and a risk-adjusted discount rate. The most important assumptions (Swedish unit-linked – which represent 71 per cent (71) of the total surplus value).

Discount rate	7.0%	7.0%
Surrender of endowment insurance contracts: contracts signed within 1 year / 1–4 years / 5 years / 6 years / thereafter	1% / 8% / 20% / 15% / 12%	1% / 8% / 18% / 15% / 12%
Lapse rate of regular premiums, unit-linked	9.2	10.3
Growth in fund units, gross before fees and taxes	5.0%	5.0%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Expected return on solvency margin	3%	3%
Right to transfer policy, unit-linked	3.2%	3.2%
Mortality	The Group's experience	The Group's experience

1) Sales defined as new contracts and extra premiums in existing contracts.

2) The actual outcome of previously signed contracts is compared with previous assumptions and deviations are calculated. Important components are the duration of contracts and cancellations. The large negative deviation in 2013 is due to higher internal sales commissions as a result of a new distribution agreement with the Retail division.

3) Acquisition costs are capitalised and amortised according to plan. Certain front end fees are also recorded on the balance sheet and recognized as revenue in the income statement during several years. The reported change in surplus values is adjusted by the net effect of changes in deferred acquisition costs and front end fees during the period.

4) Assumed investment return (growth in fund values) is 5.0 per cent gross before fees and taxes. Actual returns result in positive or negative financial effects.

5) 2013 includes negative effects from assumed higher frequency of surrenders and transfers of some SEK 1,100m which is reduced by positive effects of lower assumed expenses.

6) The calculated surplus value is not included in the SEB Group's consolidated accounts. The surplus value is net of capitalised acquisition costs and deferred front end fees.

Note 46 ctd. Life insurance operations

SUMMARISED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

Income statement, condensed	Group	
	2014	2013
Life insurance technical result	6,006	26,261
Other costs and appropriations	-17	-44
Taxes	-622	-394
NET RESULT	5,367	25,823
Balance sheet, condensed		
Total assets	185,808	172,041
TOTAL ASSETS	185,808	172,041
Total liabilities	98,284	85,397
Consolidation fund / equity	87,244	86,382
Untaxed reserves	280	262
TOTAL LIABILITIES AND EQUITY	185,808	172,041

* SEB owns all shares of Gamla Livförsäkringsbolaget SEB Trygg Liv except for a golden share owned by Trygg-Stiftelsen. Gamla Livförsäkringsbolaget SEB Trygg Liv is not consolidated as subsidiary of the Group, since the ownership of SEB in Gamla Livförsäkringsbolaget SEB Trygg Liv does not result in control. Current year figures are unaudited.

47 ASSETS IN UNIT-LINKED OPERATIONS

Within the unit-linked business SEB holds, for its customers' account, a share of more than 50 per cent in 34 (61) funds, where SEB is the investment manager.

The total value of those funds amounted to SEK 102,255m (122,236) of which SEB, for its customers' account, holds SEK 73,491m (87,144).

48 RECLASSIFIED PORTFOLIOS

	Group		Parent company	
	2014	2013	2014	2013
Opening balance	18,845	29,342	10,873	14,122
Amortisations	-4,340	-6,076	-4,258	-3,517
Securities sold	-2,294	-4,993	-4	
Accrued coupon	-7	-8	-5	-6
Exchange rate differences	1,224	580	814	274
CLOSING BALANCE*	13,428	18,845	7,420	10,873
* Fair value if not reclassified	13,537	18,668	7,518	10,711

Fair value impact – if not reclassified

In Other Comprehensive Income (AFS origin)	168	535	231	590
In Income Statement (HFT origin)	-25	10	-21	17
TOTAL	143	545	210	607

Effect in Income Statement*

Net interest income	-199	305	38	180
Net financial income	814	274	96	274
Other income	-1	-34	-6	-7
TOTAL	614	545	128	447

* The effect in Income Statement consists of profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the realised and unrealised gains and losses related to the reclassified portfolio. Other income is the realised gains or losses from sales in the portfolio.

In rare circumstances amendments to IAS 39, endorsed by the European Union in October 2008, allow financial assets to be reclassified out of the assets held for trading category. SEB considered the extreme disruption in the global finan-

cial markets and the sharp deterioration of the real economy in the second half of 2008 and continuing into 2009 to be such rare circumstances. SEB has not reclassified any assets during 2013 and 2014.

49 DISCONTINUED OPERATIONS

Impact from the sale of the retail business in Germany and Ukraine

The divestment of both the German and Ukrainian retail operations were finalised during 2012. Certain closing work was performed through 2013.

Discontinued operations are reported net on a separate line in the Group's

income statement. The comparative figures in the income statement have been adjusted as if the discontinued operation had never been part of the Group's continuing operations.

	Group	
	2014	2013
Income statement		
Total operating income		42
Total operating expenses		-118
Profit before credit losses	0	-76
Net credit losses		-20
Operating profit	0	-96
Income tax expense		85
Net profit from discontinued operations	0	-11
Cash flow statement		
Cash flow from operating activities		-268
Cash flow from investment activities		
Cash flow from financing activities		268
Net increase in cash and cash equivalents from discontinued operations	0	0

50 ASSETS HELD FOR SALE

	Group	
	2014	2013
Loans to the public		
Other assets	841	
TOTAL ASSETS HELD FOR SALE	841	0
Deposits and borrowing from the public		
Other liabilities		
TOTAL LIABILITIES HELD FOR SALE	0	0

During 2014 SEB decided to adopt a divestment plan for investment properties within Baltic Division. At the commencement of sales activities for individual properties, the properties are reclassified as assets held for sale, until the

derecognition at concluded sales agreement. The impairment loss recognised in association with the reclassifications amounted to SEK 95m.

THE SEB GROUP

INCOME STATEMENT

SEK m	2014	2013	2012	2011 ¹⁾	2010 ²⁾
Net interest income	19,943	18,827	17,635	16,901	15,930
Net fee and commission income	16,306	14,664	13,620	14,175	14,120
Net financial income	2,921	4,052	4,579	3,548	3,148
Net life insurance income	3,345	3,255	3,428	3,197	3,255
Net other income	4,421	755	-439	-135	282
Total operating income	46,936	41,553	38,823	37,686	36,735
Staff costs	-13,760	-14,029	-14,596	-14,325	-13,920
Other expenses	-6,310	-6,299	-6,444	-7,424	-7,213
Depreciation, amortisation and impairment of tangible and intangible assets	-2,073	-1,959	-2,612	-1,764	-1,854
Restructuring costs					-764
Total operating expenses	-22,143	-22,287	-23,652	-23,513	-23,751
Gains less losses on disposals of tangible and intangible assets	-121	16	1	2	14
Net credit losses	-1,324	-1,155	-937	778	-1,609
Operating profit	23,348	18,127	14,235	14,953	11,389
Income tax expense	-4,129	-3,338	-2,093	-2,942	-2,569
Net profit from continuing operations	19,219	14,789	12,142	12,011	8,820
Discontinued operations		-11	-488	-1,155	-2,022
NET PROFIT	19,219	14,778	11,654	10,856	6,798
Attributable to minority interests	1	7	22	37	53
Attributable to equity holders	19,218	14,771	11,632	10,819	6,745

1) 2011 restated for change in accounting policy for defined benefit plans.

2) 2010 restated excluding Retail Germany.

BALANCE SHEET

SEK m	2014	2013	2012	2011 ¹⁾	2010
Cash, cash balances and other lending to central banks	119,915	183,611	209,163	228,590	67,152
Loans to credit institutions	90,945	102,623	126,023	128,763	183,524
Loans to the public	1,355,680	1,302,568	1,236,088	1,186,223	1,074,879
Other financial assets	1,024,466	845,788	831,512	762,334	730,935
Other assets	50,240	50,244	50,670	53,471	123,331
TOTAL ASSETS	2,641,246	2,484,834	2,453,456	2,359,381	2,179,821
Deposits from central banks and credit institutions	115,186	176,191	170,656	201,274	212,624
Deposits and borrowing from the public	943,114	849,475	862,260	861,682	711,541
Other financial liabilities	1,303,584	1,204,991	1,173,414	1,061,988	975,935
Other liabilities	144,786	131,363	137,613	131,698	180,178
Total equity	134,576	122,814	109,513	102,739	99,543
TOTAL LIABILITIES AND EQUITY	2,641,246	2,484,834	2,453,456	2,359,381	2,179,821

1) 2011 restated for change in accounting policy for defined benefit plans and change in fair value measurement of financial assets.

KEY FIGURES

	2014	2013	2012	2011	2010
Return on equity, %	15.25	13.11	11.06	11.12	6.84
Basic earnings per share, SEK	8.79	6.74	5.31	4.93	3.07
Cost/Income ratio	0.47	0.54	0.61	0.62	0.65
Credit loss level, %	0.09	0.09	0.08	-0.08	0.15
Total reserve ratio for individually impaired loans, %	62.2	86.9	74.4	71.1	69.2
Gross level of impaired loans, %	0.49	0.35	0.58	0.84	1.28
Common Equity Tier 1 capital ratio ¹⁾ , %	16.3	15.0			
Tier 1 capital ratio ¹⁾ , %	19.5	17.1			
Total capital ratio ¹⁾ , %	22.2	18.1			

1) Basel III.

SKANDINAVISKA ENSKILDA BANKEN

INCOME STATEMENT

SEKm	2014	2013	2012	2011 ¹⁾	2010
Net interest income	19,783	18,872	17,478	15,541	13,828
Net fee and commission income	9,235	8,283	7,439	7,396	6,907
Net financial income	2,121	3,547	4,046	3,133	3,239
Other income	5,089	6,838	2,374	4,620	3,346
Total operating income	36,228	37,540	31,337	30,690	27,320
Administrative expenses	-13,909	-14,062	-15,077	-14,479	-13,935
Depreciation, amortisation and impairment of tangible and intangible assets	-5,157	-5,024	-5,446	-4,884	-4,630
Total operating costs	-19,066	-19,086	-20,523	-19,363	-18,565
Profit before credit losses	17,162	18,454	10,814	11,327	8,755
Net credit losses	-1,065	-451	-385	-457	-362
Impairment of financial assets	-2,721	-1,691	-1,114	-759	-442
Operating profit	13,376	16,312	9,315	10,111	7,951
Appropriations including pension compensation	966	3,432	-3,175	-148	-1,283
Taxes	-2,053	-2,805	-1,375	-2,112	-3,095
NET PROFIT	12,289	16,939	4,765	7,851	3,573

1) 2011 restated for accounting of group contributions.

BALANCE SHEET

SEKm	2014	2013	2012	2011 ¹⁾	2010
Cash and cash balances with central banks	59,170	135,309	165,994	121,948	19,941
Loans to credit institutions	194,285	183,312	200,189	245,796	250,568
Loans to the public	1,056,807	1,013,188	937,734	873,335	763,441
Other financial assets	623,920	523,970	551,544	494,005	439,438
Other assets	51,960	48,379	53,592	53,204	62,940
TOTAL ASSETS	1,986,142	1,904,158	1,909,053	1,788,288	1,536,328
Deposits from central banks and credit institutions	144,776	210,237	199,711	229,428	195,408
Deposits and borrowing from the public	706,452	611,234	637,721	608,645	484,839
Other financial liabilities	1,002,762	958,231	951,307	839,355	733,044
Other liabilities	17,587	17,006	20,638	15,069	33,766
Shareholders' equity and untaxed reserves	114,565	107,450	99,676	95,791	89,271
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	1,986,142	1,904,158	1,909,053	1,788,288	1,536,328

1) 2011 restated for change in fair value measurement of financial assets.

KEY FIGURES

	2014	2013	2012	2011	2010
Return on equity, %	11.8	17.7	5.2	9.2	4.3
Cost/Income ratio	0.53	0.51	0.65	0.63	0.68
Credit loss level, %	0.09	0.04	0.03	0.04	0.04
Gross level of impaired loans, %	0.31	0.08	0.09	0.10	0.20
Common Equity Tier 1 capital ratio ¹⁾ , %	16.2	16.3			
Tier 1 capital ratio ¹⁾ , %	20.0	18.9			
Total capital ratio ¹⁾ , %	23.1	20.0			

1) Basel III.

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken AB:

	SEK
Other reserves	4,354,460,186
Retained earnings	40,618,639,404
Net profit for the year	12,289,191,501
Total	57,262,291,091¹⁾

The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2014, the Annual General Meeting should distribute the earnings as follows:

Dividend to shareholders:	SEK
– SEK 4.75 per Series A-share	10,307,591,647
– SEK 4.75 per Series C-share	114,724,413
To be carried forward to:	
– retained earnings	46,839,975,031
Total	57,262,291,091

1) The Parent Company's equity would have been SEK 4,327m lower if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act.


It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands which are imposed by the nature, scope, and risks associated with the business and the size of the Parent company's and the Group's equity and need for consolidation, liquidity and financial position in general.


The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a relevant and faithful representation of the Group's financial position and results of operations. The financial state-


ments of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

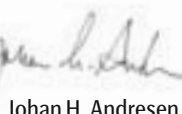
The Report of the Directors for the Group and the Parent company provides a fair review of the development of the Group's and the Parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent company and companies included in the Group.

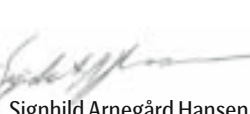
Stockholm 17 February 2015


 Marcus Wallenberg
 CHAIRMAN


 Urban Jansson
 DEPUTY CHAIRMAN



 Jesper Ovesen
 DEPUTY CHAIRMAN


 Johan H. Andresen
 DIRECTOR


 Signhild Arnegård Hansen
 DIRECTOR



 Samir Brikho
 DIRECTOR


 Winnie Fok
 DIRECTOR


 Birgitta Kantola
 DIRECTOR


 Tomas Nicolin
 DIRECTOR


 Sven Nyman
 DIRECTOR


 Maria Lindblad
 DIRECTOR
 APPOINTED BY THE EMPLOYEES


 Magdalena Olofsson
 DIRECTOR
 APPOINTED BY THE EMPLOYEES


 Annika Falkengren
 PRESIDENT AND CHIEF EXECUTIVE OFFICER
 DIRECTOR

AUDITOR'S REPORT

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–154.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31

December 2014 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. A corporate governance statement has been prepared. The statutory administration report and corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Skandinaviska Enskilda Banken AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

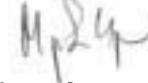
Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm 18 February 2015
PricewaterhouseCoopers AB



Peter Nyllinge
AUTHORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE



Magnus Svensson Henryson
AUTHORISED PUBLIC ACCOUNTANT

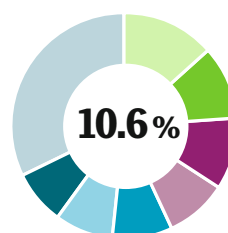
MARKET SHARES

Per cent	2014	2013	2012
Lending to the public			
Sweden	14.6	14.9	14.3
lending to households	14.3	14.5	14.2
lending to companies	15.1	15.5	14.5
Estonia ¹⁾	23.7	24.0	23.2
Latvia ¹⁾	17.5	17.8	16.8
Lithuania ¹⁾	29.3	30.4	31.4
Deposits from the public			
Sweden	15.3	15.4	15.9
deposits from households	11.9	12.0	12.2
deposits from companies	22.1	22.2	22.9
Estonia ¹⁾	21.2	20.2	20.3
Latvia ¹⁾	9.4	10.9	9.9
Lithuania ¹⁾	27.0	27.9	29.5
Equity trading			
Stockholm	7.7	9.7	9.1
Oslo	5.9	5.5	7.7
Helsinki	5.0	4.4	4.9
Copenhagen	5.5	4.8	3.9
SEK-denominated corporate bonds	25.7	25.3	29.0
Mutual funds, total volumes ²⁾			
Sweden	12.2	12.3	13.6
Finland	4.2	4.4	6.5
Unit-linked insurance, premium income			
Sweden	17.0	17.2	N/A
Life insurance, premium income			
Sweden	7.7	8.6	N/A
Denmark	N/A	9.2	9.9

1) Excl. financial institutions & leasing. Estonia per November 2014, Lithuania per September 2014. 2) Excluding third-party funds.

Sources: Statistics Sweden, Commercial Bank Associations in Latvia and Lithuania, Bank of Estonia, Swedish Insurance Federation, OMX etc.

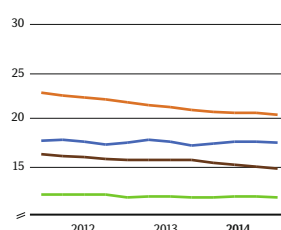
TOTAL HOUSEHOLD SAVINGS, SWEDEN 2014



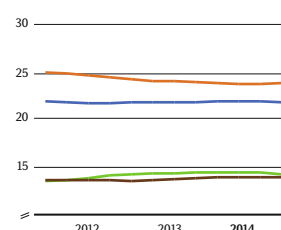
Total household savings – savings accounts, mutual funds, traditional and unit-linked insurance and bonds but excluding directly owned equities – in Sweden 2014 amounted to SEK 6,564bn as of 30 September 2014. SEB is the second largest in this area.

MARKET SHARES, SWEDEN, %

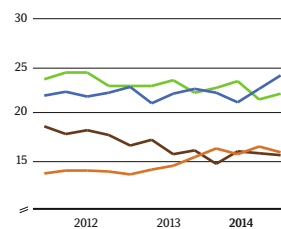
Households, Deposits



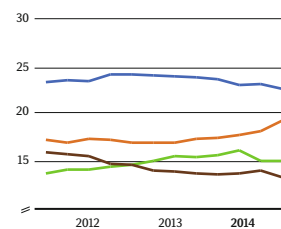
Households, Lending



Corporates, Deposits



Corporates, Lending



● SEB ● SHB ● Nordea ● Swedbank

INTERFACES AND CUSTOMER CONTACTS

	2014	2013	2012
Number of syndicated loans in Nordic countries	77	70	45
Number of equity capital market transactions in the Nordic region	19	19	10
Number of Nordic M&A related transactions	32	34	41
Number of branch offices	277	286	292

1) Of which 2,200 jointly owned by major Nordic banks since 2013.

	2014	2013	2012
International private banking branches	13	13	13
Online bank, number of visits (million)	173	162	156
Mobile bank, number of sessions (million)	95	59	34
Telephone bank, number of calls (million)	4.2	4.0	3.8
Number of ATMs ¹⁾	3,034	3,059	1,330
Number of life insurance intermediaries and brokers	2,600	2,100	2,000

CUSTOMERS' AND MARKETS' OPINIONS – SEB'S MOST IMPORTANT RANKINGS 2010–2014

SEB's performance within different areas is every year evaluated and ranked by numerous companies and financial magazines.

Area	2014	2013	2012	2011	2010	Organisation / publication etc
Best Nordic bank for corporations	1	2	1	4	2	Prospera
Best client relationship bank in Sweden	1	2	1	1	1	Prospera
Best private bank in the Nordic region	2	1	1	1	1	The Banker and Professional Wealth Management
SME bank of the year		1	1	1	N/A	Privata affärer
Best bank in Sweden	1	1	1			Euromoney 2013–14, The Banker 2012
Best Stockbroker in the Nordic region	1	1	1	1	1	Prospera
Best Corporate Finance house, Nordic region ¹⁾	4	3	N/A	1	N/A	Prospera
Best Corporate Bank in the Baltic region	1	²⁾	1	³⁾		The Banker

1) Global investment banks are included as from 2013 2) Best bank in Estonia and Lithuania. 3) Best bank in Estonia and Latvia.

SEB'S ROLE IN SOCIETY

Financial markets are at the core of creating economic and social value in a modern society. The key role of banks as financial engines is carried out in three main areas:

Financial intermediation

Banks provide solutions for those with money to invest and for those in need of borrowing and act as safe and efficient intermediaries between them.

Payments

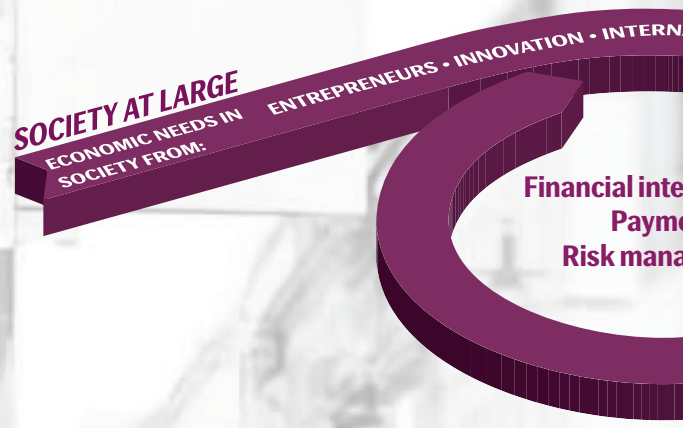
Banks provide domestic and international payment services, which are the basis for all economic activity.

Risk management

Banks assume risk and assist customers with financial risk management.

As all these areas are essential to society, banks are an integral part of the economy.

ECONOMIC AND FINANCIAL NEEDS



SEB'S STAKEHOLDERS



Examples:

Corporate, institutional and public sector customers

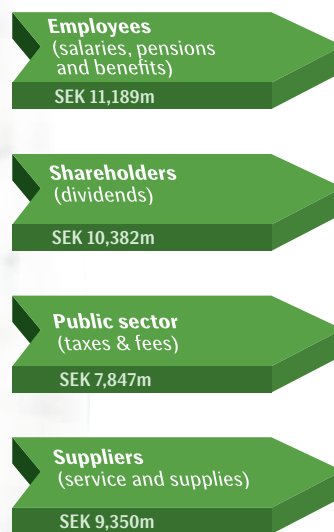
Financial intermediation	Payments	Risk management
<ul style="list-style-type: none">• Access to financial markets• Access to capital• Advice• Financing• Asset management	<ul style="list-style-type: none">• Cash management• Cards• Giro• Transfers• Trade finance• Foreign exchange• Digital and mobile banking	<ul style="list-style-type: none">• Advice• Tools to manage credit, equity, interest and currency risk• Custody• Liquidity management



SEB CREATES ECONOMIC VALUE

Like all banks, SEB supports the economy and overall society by providing financial services to private individuals, corporate, institutional and public sector, customers and to society at large. These activities also benefit the Bank's other stakeholders: shareholders, the public sector, employees and suppliers.

VALUE DISTRIBUTION (SEK 39bn)



Examples:

Society at large

Financial intermediation

- Facilitation of investments
- Operation of financial markets (money, capital, currency) and clearing
- Facilitation of access to capital
- Access to financial markets

Payments

- Domestic payment systems
- International payment systems

Risk management

- Complementary health and pension insurance
- Economic forecasts
- Anti-money laundering
- Economic and specialist knowledge

Examples:

Private individuals

Financial intermediation

- Consumer loans
- Accessible savings
- Mortgage financing
- Access to financial markets

Payments

- Bank accounts
- Cards
- Currencies
- Payments
- Giro
- Internet and mobile banking

Risk management

- Health insurance
- Life insurance
- Pension
- Long-term savings
- Advice

CALENDAR AND FINANCIAL INFORMATION

The following and other extended and updated information regarding SEB is available at www.sebgroup.com. Key dates for reports and important events are:

Publication of 2014 Annual Accounts	29 January 2015
Publication of Annual Report on the Internet	4 March 2015
Annual General Meeting	25 March 2015
Interim report January – March	23 April 2015
Interim report January – June	14 July 2015
Interim report January – September	21 October 2015
Publication of 2015 Annual Accounts	4 February 2016

Interim reports in electronic form may be subscribed to, at www.sebgroup.com/press

New shareholders are automatically offered a subscription of the Annual Report or the Annual Review. Printed copies of the reports may be ordered at www.sebgroup.com/investorrelations

OTHER PUBLICATIONS

Annual Review

An abbreviated version of the Annual Report.

Corporate Sustainability Report

A report on SEB’s work within the sustainability area.

Capital Adequacy and Risk Management Report (Pillar 3)

A report containing public disclosure on capital adequacy and risk management in accordance with regulatory requirements.



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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 25 March 2015, at 2.00 p.m. (CET) at Stockholm Concert Hall, Hötorget.

Notices convening the General Meeting including an agenda for the meeting are available on www.sebgroup.com

Shareholders who wish to attend the Annual General Meeting shall both

- be registered in the shareholders' register kept by Euroclear Sweden AB on Thursday, 19 March 2015, at the latest and
- notify the Bank by telephone 0771-23 18 18 (+46 771 23 18 18 from outside Sweden) between 9.00 a.m. and 4.30 p.m. (CET) or via Internet on www.sebgroup.com or in writing at the following address: Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden, on 19 March 2015, at the latest.

Dividend

The Board proposes a dividend of SEK 4.75 per share for 2014.

The share is traded ex dividend on Thursday, 26 March 2015. Friday, 27 March 2015, is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposals, dividend payments are expected to be distributed by Euroclear Sweden AB on Wednesday 1 April 2015.

HEAD OFFICE ADDRESS

Postal: SE-106 40 Stockholm
Visiting: Kungsträdgårdsgatan 8, Stockholm
Telephone: +46 771 62 10 00
+46 8 22 19 00 (management)

CONTACTS

Jan Erik Back
Chief Financial Officer
Telephone +46 8 22 19 00
E-mail: janerik.back@seb.se

Jonas Söderberg
Head of Investor Relations
Telephone +46 8 763 83 19
E-mail: jonas.soderberg@seb.se

Viveka Hirdman-Ryrberg
Head of Group Communications
Telephone +46 8 763 85 77
E-mail: viveka.hirdman-ryrberg@seb.se

Malin Schenkenberg
Financial Information Officer
Telephone +46 8 763 95 31
E-mail: malin.schenkenberg@seb.se

Skandinaviska Enskilda Banken AB's corporate registration number: 502032-9081