

# Interim Report

## January – March 2014

STOCKHOLM 25 APRIL 2014

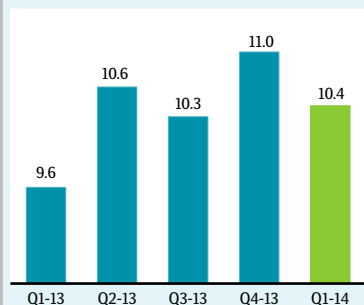
“Corporate and capital market activity levels were higher during the quarter. As *the* leading Nordic corporate bank, SEB increased income and further enhanced cost efficiency.”

Annika Falkengren

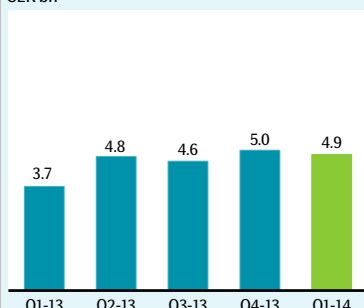


**S|E|B**

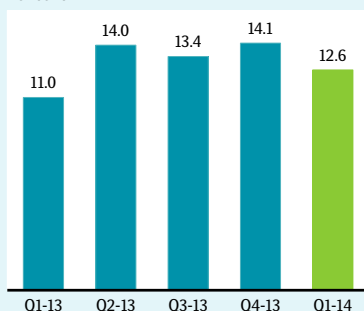
**Operating income**  
SEK bn



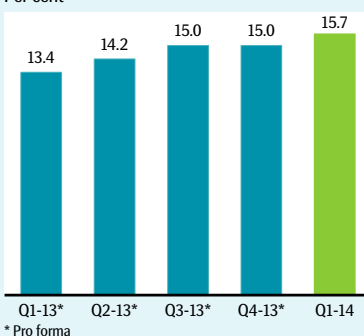
**Operating profit**  
SEK bn



**Return on Equity**  
Per cent



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



## Result

- Operating profit SEK 4.9bn (3.7). Net profit SEK 3.9bn (3.0).
- Operating income SEK 10.4bn (9.6). Operating expenses SEK 5.3bn (5.6).
- Net credit losses SEK 0.3bn (0.3). Credit loss level 0.07 per cent (0.07).
- Return on equity 12.6 per cent (11.0) and earnings per share SEK 1.77 (1.37).

## Volumes

- Loans to corporates increased by SEK 35bn and lending to households by SEK 26bn since 31 March 2013. Total loans to the public amounted to SEK 1,330bn (1,240).
- Deposits from corporates decreased by SEK 31bn and deposits from households increased by SEK 21bn. Total deposits from the public amounted to SEK 904bn (921).
- Assets under management amounted to SEK 1,504bn. Year-on-year, assets under management increased by SEK 130bn of which the net inflow was SEK 14bn.

## Capital and funding

- The Common Equity Tier 1 capital ratio was 15.7 per cent (13.4).
- The leverage ratio was 4.1 per cent.
- The Liquidity Coverage Ratio (LCR) was 137 per cent (111).
- The core liquidity reserve amounted to SEK 412bn and the total liquid resources amounted to SEK 747bn.

## President's comment

The improved market sentiment which characterised the end of 2013, also carried on into 2014. Corporate activity levels in the Nordic countries and Germany continued to develop positively. The first quarter had more IPOs and tenders than for a long time. Still, the road to recovery is bumpy and in the Eurozone it is hampered by several challenges including high unemployment and debt levels. The elevated geopolitical risks following the distressing events in Ukraine, may impact trade flows and lead to a more cautious business sentiment going forward, particularly in the Baltic countries.

### Deepened customer relationships and higher profitability

SEB's operating profit increased to SEK 4.9bn. Corporate customers were more inclined to deepen their business with us and private individuals increasingly chose SEB as their home bank. This led to an increase in both net interest income and fees and financial income with total operating income up by 9 per cent compared to a year ago. Operating expenses decreased to SEK 5.3bn. We continued to generate capital and on a Common Equity Tier 1 capital ratio (Basel III) of 15.7 per cent, return on equity reached 12.6 per cent.

The higher activity levels were reflected in Merchant Banking's result. Large corporates utilised the bond market for financing and in the equity capital market area an increased number of initial public offerings took place. Also institutional investors increased activity levels and custody volumes exceeded SEK 6 trillion for the first time, also reflecting SEB's solid franchise in that area.

In Sweden, small and medium-sized corporates increased activity levels and business relationships with SEB. Since last year, we have increased lending to SMEs by SEK 13bn to SEK 170bn. Among private individuals, we have seen an increased demand for advisory services, not least in the savings area. Customers have increasingly chosen to allocate savings to mutual funds and structured products and to a lesser extent to deposits at the same time as amortisation levels on mortgages have increased. Private Banking attracted more customers as well as SEK 9bn in net new assets under management.

### High asset quality

SEB's asset quality remained strong with a credit loss level of 7 basis points and the decline in non-performing loans continued. SEB has a minor direct risk exposure to Russia and Ukraine, SEK 1.8bn and SEK 300m net of external guarantees, respectively. The purpose of our business in Russia and Ukraine is to support our Nordic and German corporate customers in their local undertakings.

### Regulatory landscape soon to be finalised

At the start of the year the European CRR/CRD IV rules came into effect. A few weeks ago, the government presented its Council on Legislation of the Swedish implementation of the regulatory framework as of 1 August. We expect that the proposed legislation will be specified further this spring as the FSA presents its rulebook on the Swedish implementation including quantifications on for example countercyclical buffers and Pillar 2 capital requirements.

### On track to reach long-term ambition

Quarter by quarter, we continue the work to reach the long-term goals in our business plan for 2013 to 2015. Quarter by quarter, we have increased operating leverage by deepening customer relationships. In SEB, we never compromise on what is most important – customer value based on long-term needs and thus a sustainable and competitive profitability. This means taking a holistic perspective, working together as a team and continuously investing in better customer offerings including new customer interfaces.

Our commitment to be the leading Nordic bank for corporates and institutions and the best universal bank in Sweden and the Baltic countries remains firm.



**Income +9%**  
**Costs -4%**

Q1 2014

**#1 Nordic corporate  
bond arranger**

Bloomberg, Q1 2014

**ROE 12.6%**  
**CET1 15.7%**

Basel III, Q1 2014

## The Group

Operating profit amounted to SEK 4,855m (3,717). Net profit (after tax) amounted to SEK 3,884m (3,012).

### Operating income

Total operating income amounted to SEK 10,443m (9,551).

Net interest income increased by 8 per cent to SEK 4,818m (4,459).

SEK m	Q1	Q4	Q1
	2014	2013	2013
Customer-driven NII	4 526	4 498	4 067
NII from other activities	292	434	392
<b>Total</b>	<b>4 818</b>	<b>4 932</b>	<b>4 459</b>

The customer-driven net interest income increased by SEK 459m, or 11 per cent, compared with the first quarter of 2013. Higher volumes offset the negative effect from lower short-term rates. The customer-driven net interest income was in line with the fourth quarter 2013 reflecting stable volumes and margins.

Net interest income from other activities decreased by SEK 100m compared with the corresponding quarter 2013 and was SEK 142m lower than the previous quarter.

During the quarter the internal funds transfer pricing methodology was adjusted to better reflect the stability of corporate and household deposits. The pricing now reflects with the behavioural maturities of deposits. They also mirror the revised regulatory requirements under Basel III that now assume a higher stability of deposits.

Net fee and commission income amounted to SEK 3,728m (3,247). The increase of 15 per cent from the first quarter 2013 was due to higher corporate activity in the debt and syndication markets and increased investment banking activity. Custody and asset management fees increased on the back of higher activity and asset values, partially counteracted by low performance fees on discretionary mandates. Compared to the previous quarter net fee and commission income decreased by 4 per cent. Payment and card fees were seasonally lower.

Net financial income increased by SEK 125m and amounted to SEK 1,079m (954), an increase of 13 per cent year-on-year, but a decrease of 9 per cent since year-end. Both activity and market volatility in the financial markets increased.

Net life insurance income amounted to SEK 818 (882). The outcome in the traditional insurance business in Denmark including risk insurance decreased due to a less positive effect from changed interest rates and less recoveries of insurance claims.

Net other income was nil (9). Positive effects from sales of securities were offset by negative effects from hedge accounting.

### Operating expenses

Total operating expenses amounted to SEK 5,338m, which was a decrease of 4 per cent year-on-year (5,588). Both staff and other expenses decreased. Compared to the previous quarter, costs decreased by 6 per cent. Operating expenses are seasonally lower in the first quarter.

### Credit losses and provisions

Net credit losses amounted to SEK 258m (256). The credit loss level was 7 basis points.

Non-performing loans decreased by SEK 215m in the first quarter to SEK 9,243m.

Individually assessed impaired loans amounted to SEK 4.8bn and the portfolio assessed loans past due >60 days amounted to SEK 4.1bn.

The total reserve ratio and the NPL coverage ratio continued to strengthen to 90 per cent (76) and 73 (67) per cent, respectively.

### Income tax expense

Total income tax expense was SEK 971m (705), which corresponded to an effective tax rate of 20 per cent. In the fourth quarter 2013, income tax was lower because the Finnish corporate income tax rate was reduced and SEB's deferred tax assets and liabilities were revalued accordingly. This had a positive effect of SEK 266m.

### Discontinued operations

The net result from discontinued operations was 0 (0).

### Other comprehensive income

The net result from other comprehensive income increased to SEK 1,175m (62). The net revaluation of the defined benefit pension plan, in accordance with IAS 19, had a positive effect of SEK 143m (776). Pension plan assets appreciated. The market-derived discount rate for Swedish pension obligations was 3.8 per cent (2.8).

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 1,032m (in 2013, it was negative at 714m). The valuation change was due to lower interest rates and spreads that decreased during the first quarter 2014. During the same period 2013 the rates and spreads were increasing or stable. Further, the Swedish krona weakened in the first quarter 2014 but strengthened in the first quarter 2013.

Comparative numbers - in parenthesis - for the income statement refer to the first quarter of 2013. Business volumes are compared to 31 March 2013, unless otherwise stated.

## Business volumes

Total assets at the end of the quarter were SEK 2,651bn (2,580). Loans to the public amounted to SEK 1,330bn, an increase of SEK 90bn since 31 March 2013 and SEK 27bn since year-end.

SEK bn	Mar	Dec	Mar
	2014	2013	2013
Public administration	53	52	50
Private individuals	499	493	473
Corporate	660	647	625
Repos	96	87	70
Debt instruments	22	24	22
<b>Loans to the public</b>	<b>1 330</b>	<b>1 303</b>	<b>1 240</b>

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 1,916bn (1,811). Compared with the first quarter 2013, household volumes in the total credit portfolio increased by SEK 29bn and the combined corporate and property management portfolios increased by SEK 80bn.

Deposits from the public amounted to SEK 904bn, a decrease of SEK 17bn since 31 March 2013 and an increase in the amount of SEK 55bn since the end of 2013.

SEK bn	Mar	Dec	Mar
	2014	2013	2013
Public administration	79	71	83
Private individuals	224	223	203
Corporate	591	544	622
Repos	10	11	13
<b>Deposits and borrowings from the public</b>	<b>904</b>	<b>849</b>	<b>921</b>

Since year-end, deposits from households were flat and deposits from corporates increased by SEK 47bn. Short-term deposits from international asset managers increased. Deposits from other corporate customers increased by SEK 12bn.

At the end of the quarter, assets under management amounted to SEK 1,504bn (1,374) and at year-end to SEK 1,475bn. The net inflow of assets since year-end was SEK 5bn and the market value increased by SEK 24bn. Assets under custody amounted to SEK 6,003bn (5,443).

## Market risk

The trading business is customer flow-driven. This is confirmed by the fact that there was only one loss-making day since year-end 2013. During the quarter, Value-at-Risk (VaR) in the trading operations averaged SEK 108m (155). On average, the Group is not expected to lose more than this amount during a period of ten trading days, with 99 per cent probability.

## Liquidity and long-term funding

SEB's loan-to-deposit ratio was 136 per cent (126), excluding repos and debt instruments. During the first quarter of 2014, SEK 15bn of long-term funding matured and SEK 40bn was issued. 38 per cent of the new issuance constituted covered bonds and 62 per cent senior unsecured securities.

The core liquidity reserve at the end of the first quarter 2014 amounted to SEK 412bn (410). The total liquid resources, including net trading assets and unutilised collateral in the cover pool, amounted to SEK 747bn (685). The Liquidity Coverage Ratio (LCR), according to the rules issued by the Swedish Supervisory Authority, must be at least 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was 137 per cent (111). The USD and EUR LCRs were 276 and 177 per cent, respectively.

The Bank is committed to a stable funding base. SEB's internal structural liquidity measure, which measures the proportion of stable funding in relation to illiquid assets, Core Gap, was 116 per cent. SEB's structural liquidity measure according to the Swedish Central Bank's Financial Stability Reports has been approximately 85 per cent in the last few years. The Basel Committee's Net Stable Funding Ratio (NSFR) is still not finalised. An update of the proposal was published by the Basel Committee in January 2014. It is currently subject to consultation.

## Capital position

As of 1 January 2014, the capital requirements under the CRR/CRD IV rules, so called Basel III, entered into force. The Capital Requirements Regulation is applicable in all EU countries from the beginning of the year. The Capital Requirements Directive remains to be implemented as Swedish law, which is currently planned for 1 August 2014. As details of the Swedish national law become known, SEB's measurement will be refined. Refer to page 30 for more details on SEB's capital position and a bridge between Basel II and Basel III.

The following table shows the capital ratios according to Basel III.

Own funds requirement, Basel III	Mar	Dec	Mar
	2014	2013	2013
Risk exposure amount, SEK bn	588	598	629
Common Equity Tier 1 capital ratio, %	15.7	15.0	13.4
Tier 1 capital ratio, %	17.6	17.1	15.6
Total capital ratio, %	18.7	18.1	16.9
Leverage ratio, %	4.1	4.2	3.8

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

A volume and currency related increase in the risk exposure amount was offset by process changes, risk class migration, risk-weight changes and a decrease in market risk from lower trading activity.

## Rating

SEB's long-term senior unsecured ratings are 'A1' (stable outlook) by Moody's and 'A+' (stable outlook) by Fitch. Standard & Poor's SEB rating of 'A+' has a negative outlook due to S&P's negative outlook on the macroeconomic situation in Sweden.

### Long-term financial targets

The details of the finalisation of the Swedish implementation of the Capital Requirements Directive are expected in May this year. The expected effective date is 1 August 2014. The minimum and targeted capital levels and composition of the capital base may be revisited in accordance with the finalised rules. SEB's long-term financial targets are to:

- pay a yearly dividend that is 40 per cent or above of the earnings per share,
- target a Common Equity Tier 1 capital ratio (Basel III) of 13 per cent, and
- generate return on equity that is competitive with peers.

Long-term, the Bank aspires to reach a return on equity of 15 per cent.

As of the end of the first quarter 2014, the Common Equity Tier 1 capital ratio (Basel III) was 15.7 per cent and the return on equity for the first quarter 2014 was 12.6 per cent.

### Exposure to Ukraine and Russia

SEB's risk exposure in Ukraine amounts to approximately SEK 300m, net of external guarantees. SEB's risk exposure in Russia amounts to approximately SEK 1.8bn, net of external guarantees.

SEB's business in both countries is focused on lending from SEB's local subsidiaries to local subsidiaries of the bank's core Nordic and German clients.

### Risks and uncertainties

SEB assumes credit, market, liquidity, IT and operational as well as life insurance risks. The risk composition of the Group, as well as the related risk, liquidity and capital management, are described in SEB's Annual Report for 2013 (see pp 36-48). Further information is presented in the quarterly Fact Book.

Although there are encouraging signs of gradual macroeconomic recovery, large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks may create direct and indirect effects that are difficult to assess. During 2014, geopolitical uncertainty and instability increased somewhat with the unfolding of events in Ukraine.

### Realignment of management accounting 2014

In order to ensure that the Basel III requirements are fully integrated throughout the organisation, SEB has since 2012 gradually adjusted the management accounting. In 2012 and 2013, SEK 16bn and 23bn of capital, respectively, was

allocated to the divisions from the central function. In 2014, another SEK 10bn was allocated.

During the same period, the internal funds transfer prices have been adjusted to more fully reflect the costs of funding and the effects of implementing the Basel III requirements. One such effect in 2014 is the refinement of deposit pricing to reflect stability characteristics better and which led to higher deposit margins in the quarter compared to 2013 and, consequently, lower net interest income for the treasury function.

### Acquisition and sale of own shares

In accordance with the decision by the Annual General Meeting on 25 March 2014 to authorise the Board to decide on the acquisition and sale of own shares for SEB's long-term equity-based programmes, the Board decided that a maximum of 46.6 million shares of Class A may be acquired and sold. The transactions may take place at one or several occasions during the period until the Annual General Meeting in 2015.

For further information refer to [www.sebgroup.com](http://www.sebgroup.com).

### Stockholm, 25 April 2014

*The President declares that the Interim Accounts for January – March 2014 provide a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.*

### Annika Falkengren

President and Chief Executive Officer

**Press conference and webcasts**

The press conference at 9.30 am (CEST) on 25 April 2014, at Kungsträdgårdsgatan 8 with President and CEO Annika Falkengren can be followed live in Swedish on [www.sebgroup.com/sv/ir](http://www.sebgroup.com/sv/ir). A simultaneous translation into English will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir). A replay will also be available afterwards.

**Access to telephone conference**

The telephone conference at 1 pm (CEST) on 25 April 2014 with the President and CEO Annika Falkengren, the CFO Jan Erik Back and the Head of Investor Relations Ulf Grunnesjö, can be accessed by telephone, +44(0)20 7162 0077 or +46(0)8 5052 0110. Please quote conference id: 943902, not later than 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).

**Financial information calendar**

14 July 2014	Interim report January-June 2014
23 October 2014	Interim report January-September 2014
29 January 2015	Annual accounts 2014

**Further information is available from:**

Jan Erik Back, Chief Financial Officer  
Tel: +46 8 22 19 00  
Ulf Grunnesjö, Head of Investor Relations  
Tel: +46 8 763 85 01, +46 70 763 85 01  
Viveka Hirdman-Ryrberg, Head of Corporate Communications  
Tel: +46 8 763 85 77, +46 70 550 35 00

Skandinaviska Enskilda Banken AB (publ)  
SE-106 40 Stockholm, Sweden  
Telephone: +46 771 62 10 00  
[www.sebgroup.com](http://www.sebgroup.com)  
Corporate organisation number: 502032-9081

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

## Accounting policies

This Interim Report is presented in accordance with IAS 34 *Interim Financial Reporting*. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting follows the *Annual Accounts Act for Credit Institutions and Securities Companies* (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority: *Annual Reports in Credit institutions and Securities Companies* (FFFS 2008:25). In addition, the *Supplementary Accounting Rules for Groups (RFR 1)* from the Swedish Financial Reporting Board have been applied.

The Parent company has prepared its accounts in accordance with Swedish *Annual Accounts Act for Credit Institutions and Securities Companies*, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on *Annual Reports in Credit Institutions and Securities Companies* and the *Supplementary Accounting Rules for Legal Entities (RFR 2)* issued by the Swedish Financial Reporting Board.

From 2014, several new and changed standards are applicable 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*. These changes have not had a significant impact on the financial reports of the Group or its capital adequacy and large exposure. In the future, the criteria for when a company has control over another company in IFRS 10

may imply consolidation of some funds if facts change, which would imply an increase in total assets. The new and changed standards require more extensive disclosure related to consolidation, particularly regarding interests in structured entities that are not consolidated.

From 2014 a clarification of the requirements for when financial assets and liabilities can be offset according to IAS 32 *Financial Instruments: Presentation* is applicable. Further an amendment of IAS 39 *Financial instruments: Recognition and measurement* makes it, under certain circumstances, possible to continue hedge accounting when a hedging derivative is novated to a clearing counterpart (CCP). The disclosure requirements in IAS 36 *Impairment of Assets* have been amended with regard to the recoverable amount of impaired non-financial assets. These amendments have not had an impact on the financial statements of the Group or on capital adequacy and large exposures.

Starting from 2014 SEB presents impairment of seized tangible assets 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. The change did not have a material impact on the financial statements of the Group.

In all other material aspects, the Group's and the Parent company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2013 Annual Report.

## Review report

We have reviewed this report for the period 1 January 2014 to 31 March 2014 for Skandinaviska Enskilda Banken AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm, 25 April 2014  
PricewaterhouseCoopers AB

**Peter Nyllinge**  
Authorised Public Accountant  
Partner in charge

**Magnus Svensson Henryson**  
Authorised Public Accountant



# The SEB Group

## Income statement – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Net interest income	4 818	4 932	-2	4 818	4 459	8	4 818	4 459	8	18 827
Net fee and commission income	3 728	3 871	-4	3 728	3 247	15	3 728	3 247	15	14 664
Net financial income	1 079	1 186	-9	1 079	954	13	1 079	954	13	4 052
Net life insurance income	818	890	-8	818	882	-7	818	882	-7	3 255
Net other income	0	151	-100	0	9	-100	0	9	-100	755
<b>Total operating income</b>	<b>10 443</b>	<b>11 030</b>	<b>-5</b>	<b>10 443</b>	<b>9 551</b>	<b>9</b>	<b>10 443</b>	<b>9 551</b>	<b>9</b>	<b>41 553</b>
Staff costs	-3 461	-3 386	2	-3 461	-3 556	-3	-3 461	-3 556	-3	-14 029
Other expenses	-1 431	-1 780	-20	-1 431	-1 581	-9	-1 431	-1 581	-9	-6 299
Depreciation, amortisation and impairment of tangible and intangible assets	-446	-495	-10	-446	-451	-1	-446	-451	-1	-1 959
<b>Total operating expenses</b>	<b>-5 338</b>	<b>-5 661</b>	<b>-6</b>	<b>-5 338</b>	<b>-5 588</b>	<b>-4</b>	<b>-5 338</b>	<b>-5 588</b>	<b>-4</b>	<b>-22 287</b>
<b>Profit before credit losses</b>	<b>5 105</b>	<b>5 369</b>	<b>-5</b>	<b>5 105</b>	<b>3 963</b>	<b>29</b>	<b>5 105</b>	<b>3 963</b>	<b>29</b>	<b>19 266</b>
Gains less losses from tangible and intangible assets	8	-19	-142	8	10	-20	8	10	-20	16
Net credit losses	-258	-341	-24	-258	-256	1	-258	-256	1	-1 155
<b>Operating profit</b>	<b>4 855</b>	<b>5 009</b>	<b>-3</b>	<b>4 855</b>	<b>3 717</b>	<b>31</b>	<b>4 855</b>	<b>3 717</b>	<b>31</b>	<b>18 127</b>
Income tax expense	-971	-793	22	-971	-705	38	-971	-705	38	-3 338
<b>Net profit from continuing operations</b>	<b>3 884</b>	<b>4 216</b>	<b>-8</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>14 789</b>
Discontinued operations		6	-100							-11
<b>Net profit</b>	<b>3 884</b>	<b>4 222</b>	<b>-8</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>14 778</b>
Attributable to minority interests		1	-100		3	-100		3	-100	7
Attributable to shareholders	3 884	4 221	-8	3 884	3 009	29	3 884	3 009	29	14 771
Continuing operations										
Basic earnings per share, SEK	1.77	1.93		1.77	1.37		1.77	1.37		6.74
Diluted earnings per share, SEK	1.76	1.92		1.76	1.36		1.76	1.36		6.69
Total operations										
Basic earnings per share, SEK	1.77	1.93		1.77	1.37		1.77	1.37		6.74
Diluted earnings per share, SEK	1.76	1.92		1.76	1.36		1.76	1.36		6.69

## Statement of comprehensive income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
<b>Net profit</b>	<b>3 884</b>	<b>4 222</b>	<b>-8</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>3 884</b>	<b>3 012</b>	<b>29</b>	<b>14 778</b>
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	407	445	-9	407	477	-15	407	477	-15	1 105
Cash flow hedges	646	350	85	646	-548		646	-548		-905
Translation of foreign operations	-21	364	-106	-21	-643	-97	-21	-643	-97	403
<i>Items that will not be reclassified to the income statement:</i>										
Defined benefit plans	143	1 943	-93	143	776	-82	143	776	-82	5 083
<b>Other comprehensive income (net of tax)</b>	<b>1 175</b>	<b>3 102</b>	<b>-62</b>	<b>1 175</b>	<b>62</b>		<b>1 175</b>	<b>62</b>		<b>5 686</b>
<b>Total comprehensive income</b>	<b>5 059</b>	<b>7 324</b>	<b>-31</b>	<b>5 059</b>	<b>3 074</b>	<b>65</b>	<b>5 059</b>	<b>3 074</b>	<b>65</b>	<b>20 464</b>
Attributable to minority interests	1	4	-75	1	-1	-200	1	-1	-200	6
Attributable to shareholders	5 058	7 320	-31	5 058	3 075	64	5 058	3 075	64	20 458

## Balance sheet – SEB Group

SEK m	31 Mar 2014	31 Dec 2013	31 Mar 2013
Cash and cash balances with central banks	244 830	173 950	246 198
Other lending to central banks	8 078	9 661	7 956
Loans to other credit institutions <sup>1)</sup>	114 412	102 623	149 738
Loans to the public	1 329 801	1 302 568	1 240 488
Financial assets at fair value *	824 998	776 624	802 078
Available-for-sale financial assets *	48 776	48 903	49 054
Held-to-maturity investments *	87	85	81
Investments in associates	1 320	1 274	1 259
Tangible and intangible assets	29 102	28 924	28 186
Other assets	49 921	40 222	55 148
<b>Total assets</b>	<b>2 651 325</b>	<b>2 484 834</b>	<b>2 580 186</b>
Deposits from central banks and credit institutions	210 060	176 191	205 027
Deposits and borrowing from the public	903 706	849 475	920 603
Liabilities to policyholders	322 769	315 512	291 863
Debt securities	767 194	713 990	683 353
Other financial liabilities at fair value	227 113	213 945	264 741
Other liabilities	78 706	68 106	81 865
Provisions	2 196	1 992	3 212
Subordinated liabilities	20 497	22 809	23 478
Total equity	119 084	122 814	106 044
<b>Total liabilities and equity</b>	<b>2 651 325</b>	<b>2 484 834</b>	<b>2 580 186</b>
* Of which bonds and other interest bearing securities.	471 398	425 034	486 402

1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.

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

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

SEK m	31 Mar 2014	31 Dec 2013	31 Mar 2013
Collateral pledged for own liabilities <sup>1)</sup>	401 523	363 946	387 829
Assets pledged for liabilities to insurance policyholders	322 768	325 717	291 863
<b>Collateral and comparable security pledged for own liabilities</b>	<b>724 291</b>	<b>689 663</b>	<b>679 692</b>
Other pledged assets and comparable collateral <sup>2)</sup>	137 206	111 914	161 389
Contingent liabilities	100 331	103 399	94 983
Commitments	531 109	486 844	435 780

1) Of which collateralised for covered bonds SEK 348,147m (345,602/335,316).

2) Securities lending SEK 74,198m (58,046/90,001) and pledged but unencumbered bonds SEK 63,008m (50,367/71,388).

## Key figures – SEB Group

Total operations	Q1	Q4	Jan - Mar		Full year
	2014	2013	2014	2013	2013
Return on equity, %	12.62	14.14	12.62	11.03	13.11
Return on total assets, %	0.60	0.66	0.60	0.48	0.58
Return on risk exposure amount, %	2.64	2.78	2.64	1.91	2.38
Cost/income ratio	0.51	0.51	0.51	0.59	0.54
Basic earnings per share, SEK	1.77	1.93	1.77	1.37	6.74
Weighted average number of shares, millions <sup>2)</sup>	2 190	2 189	2 190	2 192	2 191
Diluted earnings per share, SEK	1.76	1.92	1.76	1.36	6.69
Weighted average number of diluted shares, millions <sup>3)</sup>	2 207	2 203	2 207	2 210	2 207
Net worth per share, SEK	60.45	62.10	60.45	54.94	62.10
Equity per share, SEK	54.60	56.33	54.60	48.53	56.33
Average shareholders' equity, SEK, billion	123.1	119.4	123.1	109.1	112.6
Credit loss level, %	0.07	0.10	0.07	0.07	0.09
Liquidity Coverage Ratio (LCR) <sup>4)</sup> , %	137	129	137	111	129
<u>Own funds requirement, Basel III<sup>5)</sup></u>					
Risk exposure amount, SEK m	587 503	598 324	587 503	628 684	598 324
Expressed as own funds requirement, SEK m	47 000	47 866	47 000	50 295	47 866
Common Equity Tier 1 capital ratio, %	15.7	15.0	15.7	13.4	15.0
Tier 1 capital ratio, %	17.6	17.1	17.6	15.6	17.1
Total capital ratio, %	18.7	18.1	18.7	16.9	18.1
Number of full time equivalents <sup>1)</sup>	15 620	15 712	15 619	15 966	15 870
Assets under custody, SEK billion	6 003	5 958	6 003	5 443	5 958
Assets under management, SEK billion	1 504	1 475	1 504	1 374	1 475

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

2) 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 not repurchased any shares and 1,461,169 shares have been sold. Thus, as at 31 March 2014 SEB owned 12,959,904 Class A-shares with a market value of SEK 1,151m.

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

4) According to Swedish FSA regulations for respective period.

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

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

## Income statement on quarterly basis - SEB Group

SEK m	Q1	Q4	Q3	Q2	Q1
	2014	2013	2013	2013	2013
Net interest income	4 818	4 932	4 759	4 677	4 459
Net fee and commission income	3 728	3 871	3 735	3 811	3 247
Net financial income	1 079	1 186	825	1 087	954
Net life insurance income	818	890	794	689	882
Net other income	0	151	211	384	9
<b>Total operating income</b>	<b>10 443</b>	<b>11 030</b>	<b>10 324</b>	<b>10 648</b>	<b>9 551</b>
Staff costs	-3 461	-3 386	-3 474	-3 613	-3 556
Other expenses	-1 431	-1 780	-1 457	-1 481	-1 581
Depreciation, amortisation and impairment of tangible and intangible assets	- 446	- 495	- 522	- 491	- 451
<b>Total operating expenses</b>	<b>-5 338</b>	<b>-5 661</b>	<b>-5 453</b>	<b>-5 585</b>	<b>-5 588</b>
<b>Profit before credit losses</b>	<b>5 105</b>	<b>5 369</b>	<b>4 871</b>	<b>5 063</b>	<b>3 963</b>
Gains less losses from tangible and intangible assets	8	- 19	14	11	10
Net credit losses	- 258	- 341	- 267	- 291	- 256
<b>Operating profit</b>	<b>4 855</b>	<b>5 009</b>	<b>4 618</b>	<b>4 783</b>	<b>3 717</b>
Income tax expense	- 971	- 793	- 865	- 975	- 705
<b>Net profit from continuing operations</b>	<b>3 884</b>	<b>4 216</b>	<b>3 753</b>	<b>3 808</b>	<b>3 012</b>
Discontinued operations		6		- 17	
<b>Net profit</b>	<b>3 884</b>	<b>4 222</b>	<b>3 753</b>	<b>3 791</b>	<b>3 012</b>
Attributable to minority interests		1	2	1	3
Attributable to shareholders	3 884	4 221	3 751	3 790	3 009
Continuing operations					
Basic earnings per share, SEK	1.77	1.93	1.71	1.74	1.37
Diluted earnings per share, SEK	1.76	1.92	1.70	1.72	1.36
Total operations					
Basic earnings per share, SEK	1.77	1.93	1.71	1.73	1.37
Diluted earnings per share, SEK	1.76	1.92	1.70	1.72	1.36

## Income statement by Division and Business Area – SEB Group

Jan-Mar 2014, SEK m	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	SEB Group
Net interest income	2 019	2 062	183	- 12	532	27	7	4 818
Net fee and commission income	1 405	982	849		246	24	222	3 728
Net financial income	968	80	51		75	- 95		1 079
Net life insurance income				1 187			- 369	818
Net other income	- 37	48	7		- 6	- 3	- 9	0
<b>Total operating income</b>	<b>4 355</b>	<b>3 172</b>	<b>1 090</b>	<b>1 175</b>	<b>847</b>	<b>- 47</b>	<b>- 149</b>	<b>10 443</b>
Staff costs	- 892	- 674	- 307	- 300	- 164	- 1 136	12	- 3 461
Other expenses	- 1 154	- 723	- 332	- 96	- 236	973	137	- 1 431
Depreciation, amortisation and impairment of tangible and intangible assets	- 32	- 13	- 10	- 228	- 24	- 139		- 446
<b>Total operating expenses</b>	<b>- 2 078</b>	<b>- 1 410</b>	<b>- 649</b>	<b>- 624</b>	<b>- 424</b>	<b>- 302</b>	<b>149</b>	<b>- 5 338</b>
<b>Profit before credit losses</b>	<b>2 277</b>	<b>1 762</b>	<b>441</b>	<b>551</b>	<b>423</b>	<b>- 349</b>	<b>0</b>	<b>5 105</b>
Gains less losses from tangible and intangible assets					8			8
Net credit losses	- 52	- 135			- 71			- 258
<b>Operating profit</b>	<b>2 225</b>	<b>1 627</b>	<b>441</b>	<b>551</b>	<b>360</b>	<b>- 349</b>	<b>0</b>	<b>4 855</b>

Wealth Management and Life are held together in a new division, Life & Wealth Management but are still reported separately.

## SEB's markets

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

### Profit per country

Distribution by country Jan - Mar											Operating profit in local currency		
SEK m	Total operating income			Total operating expenses			Operating profit			2014	2013	%	
	2014	2013	%	2014	2013	%	2014	2013	%				
Sweden	6 040	5 592	8	-3 552	-3 687	- 4	2 331	1 784	31	2 331	1 784	31	
Norway	788	749	5	- 222	- 251	- 12	554	494	12	522	432	21	
Denmark	829	789	5	- 256	- 328	- 22	563	442	27	475	388	22	
Finland	411	371	11	- 169	- 147	15	240	222	8	27	26	4	
Germany*	737	653	13	- 396	- 425	- 7	338	222	52	38	26	46	
Estonia	299	271	10	- 127	- 129	- 2	187	170	10	21	20	5	
Latvia	243	232	5	- 123	- 121	2	78	29	169	9	3	200	
Lithuania	388	326	19	- 186	- 179	4	167	114	46	65	46	41	
Other countries and eliminations	708	568	25	- 307	- 321	- 4	397	240	65				
<b>Total</b>	<b>10 443</b>	<b>9 551</b>	<b>9</b>	<b>-5 338</b>	<b>-5 588</b>	<b>- 4</b>	<b>4 855</b>	<b>3 717</b>	<b>31</b>				

\*Excluding centralised Treasury operations

- Strengthened Nordic franchise
- Significant year-on-year improvements in operating profit in each country
- Generally reduced operating expenses

### Comments on the first quarter

In *Sweden*, operating profit increased by 31 per cent. Operating income was 8 per cent higher driven by net interest income and net fee and commission income. Higher lending and deposit volumes from corporate as well as private customers strengthened net interest income compared to last year. Fee income increased mainly from custody and mutual funds. The total number of employees decreased as well as total expenses.

In *Norway*, 2014 started with a high level of activity and several closed deals. The operating income was up by 5 per cent compared to the first quarter 2013 and combined with lower costs and low credit losses, operating profit increased by 12 per cent.

In *Denmark*, operating profit increased by 27 per cent compared to the same period last year. The strong performance was primarily driven by increased customer activity within Corporate and Investment banking, continued strong results in Markets and one-off reversals of provisions for cost, decreasing total costs by 22 per cent.

In *Finland*, operating profit increased by 8 per cent. After a slow start of the year, activity levels have increased, especially within Merchant Banking. Operating expenses increased partially due to one-off effects. Wealth Management's performance was stable.

In *Germany*, the operating profit was 52 per cent higher than the first quarter 2013. The operating result of Merchant Banking was 39 per cent higher, mainly due to a good result within Investment Banking. SEB's position in the German corporate banking market improved further through new clients and cross-selling initiatives. Wealth Management showed a higher operating profit due to lower costs.

In each of the Baltic countries, income increased and costs were stable. In *Latvia*, operating profit also increased due to 46 per cent lower provisions for credit losses compared to the first quarter 2013. In *Estonia* and *Lithuania* asset quality also had a positive development and non-performing loans in the region fell by 37 per cent compared to March 2013. See also the information on the Baltic division.

## Merchant Banking

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

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Net interest income	2 019	1 962	3	2 019	1 731	17	2 019	1 731	17	7 356
Net fee and commission income	1 405	1 369	3	1 405	1 032	36	1 405	1 032	36	5 498
Net financial income	968	1 034	-6	968	894	8	968	894	8	3 601
Net other income	- 37	86		- 37	1		- 37	1		274
<b>Total operating income</b>	<b>4 355</b>	<b>4 451</b>	<b>-2</b>	<b>4 355</b>	<b>3 658</b>	<b>19</b>	<b>4 355</b>	<b>3 658</b>	<b>19</b>	<b>16 729</b>
Staff costs	- 892	- 934	-4	- 892	- 915	-3	- 892	- 915	-3	-3 703
Other expenses	-1 154	-1 127	2	-1 154	-1 095	5	-1 154	-1 095	5	-4 456
Depreciation, amortisation and impairment of tangible and intangible assets	- 32	- 36	-11	- 32	- 34	-6	- 32	- 34	-6	- 148
<b>Total operating expenses</b>	<b>-2 078</b>	<b>-2 097</b>	<b>-1</b>	<b>-2 078</b>	<b>-2 044</b>	<b>2</b>	<b>-2 078</b>	<b>-2 044</b>	<b>2</b>	<b>-8 307</b>
<b>Profit before credit losses</b>	<b>2 277</b>	<b>2 354</b>	<b>-3</b>	<b>2 277</b>	<b>1 614</b>	<b>41</b>	<b>2 277</b>	<b>1 614</b>	<b>41</b>	<b>8 422</b>
Gains less losses from tangible and intangible assets		- 17	-100							- 18
Net credit losses	- 52	- 50	4	- 52	- 25	108	- 52	- 25	108	- 233
<b>Operating profit</b>	<b>2 225</b>	<b>2 287</b>	<b>-3</b>	<b>2 225</b>	<b>1 589</b>	<b>40</b>	<b>2 225</b>	<b>1 589</b>	<b>40</b>	<b>8 171</b>
Cost/Income ratio	0.48	0.47		0.48	0.56		0.48	0.56		0.50
Business equity, SEK bn	50.7	47.5		50.7	48.5		50.7	48.5		48.8
Return on business equity, %	13.5	14.8		13.5	10.1		13.5	10.1		12.9
Number of full time equivalents <sup>1)</sup>	2 210	2 198		2 199	2 318		2 199	2 318		2 245

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

- Operating profit improved by 40 per cent with maintained high asset quality
- Strengthened corporate customer confidence in spite of elevated geopolitical risks
- Increased capital market activity levels

### Comments on the first quarter

The improving market sentiment from the second half of last year continued into the first quarter of 2014 in spite of the elevated risk following the events in Ukraine. This was evidenced by the strong market data for the quarter but the vulnerability of the global economy remains and the dependence of central bank stimuli is still an important factor.

The improved corporate investment and activity levels were especially apparent in the equity capital market area where an increased number of initial public offerings took place during the quarter. The trend of corporates utilising the bond market for financing continued and SEB strengthened its market position further. The strategic focus on growing and deepening customer relations in the Nordic countries and Germany continued.

Operating income for the first quarter amounted to SEK 4,355m, an increase of 19 per cent compared to the same period 2013 (3,658) and in line with the fourth quarter last year. This was driven by improved income in all business areas reflecting that the higher activity level from the second half of 2013 was maintained. Operating expenses amounted to SEK 2,078m (2,044). Asset quality remained high and net

credit losses at SEK 52m were consequently kept at a low level (25). Operating profit amounted to SEK 2,225m, an increase of 40 per cent versus the first quarter last year (1,589).

*Markets* delivered a stable performance in line with last year but with a somewhat different composition. A slowdown in fixed income activity was compensated by stronger equity and FX performance.

*Transaction Banking* presented a positive development for the quarter mainly due to increased volumes. Assets under custody amounted to SEK 6,003bn (5,443).

The result of *Corporate & Investment Banking* was higher than the corresponding quarter of last year with improvements in all areas. This was especially evident in the advisory-driven areas where SEB can leverage on the increased activity level in combination with a market leader position.

SEB's position as the leading bank in the expansion of the green bond market was further recognised with SEB acting as sole bookrunner for SCA, the first Nordic listed corporate to utilise the green bond market.

## Retail Banking

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

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Net interest income	2 062	2 020	2	2 062	1 829	13	2 062	1 829	13	7 729
Net fee and commission income	982	1 066	-8	982	969	1	982	969	1	4 045
Net financial income	80	106	-25	80	88	-9	80	88	-9	384
Net other income	48	26	85	48	12		48	12		85
<b>Total operating income</b>	<b>3 172</b>	<b>3 218</b>	<b>-1</b>	<b>3 172</b>	<b>2 898</b>	<b>9</b>	<b>3 172</b>	<b>2 898</b>	<b>9</b>	<b>12 243</b>
Staff costs	- 674	- 665	1	- 674	- 761	-11	- 674	- 761	-11	-2 903
Other expenses	- 723	- 807	-10	- 723	- 755	-4	- 723	- 755	-4	-3 034
Depreciation, amortisation and impairment of tangible and intangible assets	- 13	- 13	0	- 13	- 19	-32	- 13	- 19	-32	- 63
<b>Total operating expenses</b>	<b>-1 410</b>	<b>-1 485</b>	<b>-5</b>	<b>-1 410</b>	<b>-1 535</b>	<b>-8</b>	<b>-1 410</b>	<b>-1 535</b>	<b>-8</b>	<b>-6 000</b>
<b>Profit before credit losses</b>	<b>1 762</b>	<b>1 733</b>	<b>2</b>	<b>1 762</b>	<b>1 363</b>	<b>29</b>	<b>1 762</b>	<b>1 363</b>	<b>29</b>	<b>6 243</b>
Gains less losses from tangible and intangible assets		1	-100							1
Net credit losses	- 135	- 119	13	- 135	- 131	3	- 135	- 131	3	- 501
<b>Operating profit</b>	<b>1 627</b>	<b>1 615</b>	<b>1</b>	<b>1 627</b>	<b>1 232</b>	<b>32</b>	<b>1 627</b>	<b>1 232</b>	<b>32</b>	<b>5 743</b>
Cost/Income ratio	0.44	0.46		0.44	0.53		0.44	0.53		0.49
Business equity, SEK bn	24.4	20.1		24.4	20.3		24.4	20.3		20.2
Return on business equity, %	20.6	24.7		20.6	18.7		20.6	18.7		21.9
Number of full time equivalents <sup>1)</sup>	3 326	3 378		3 334	3 505		3 334	3 505		3 452

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

- Deepened customer relationships and more full-service customers
- Operating profit increased by 32 per cent
- In the card business, cost efficiency contributed to a strong result

### Comments on the first quarter

The positive trend from 2013 continued in the first quarter even though business activity was slightly lower. In the savings area, net volumes of deposits, structured products, funds and insurance products increased by SEK 1bn during the first quarter. The activity in the digital channels remained high and the number of monthly visits in the mobile banking applications for private customers was at an all-time high.

Operating income increased by 9 per cent compared with the first quarter of 2013. Operating expenses decreased by 8 per cent and the operating profit increased from SEK 1,232m to SEK 1,627m. Cost-efficiency measures intensified and the cost/income ratio for the quarter decreased to 0.44. Net interest income increased by 13 per cent compared to the first quarter 2013. The credit loss level was 9 basis points indicating a continued solid asset quality.

The private mortgage portfolio grew by SEK 22bn since 31 March 2013 and reached SEK 380bn. Portfolio margins increased slightly. (SEB's total mortgage portfolio in Sweden

grew by SEK 21bn to SEK 387bn). Deposits increased by SEK 11bn to SEK 224bn.

Corporate lending grew by SEK 13bn to SEK 170bn and margins were up. Signs of a slight decrease in funding needs among corporates were visible but did not materialise in the overall business. SEB continued to develop the offerings in the digital channels and some new features in the mobile applications were added.

The operating profit in the Card business rose by 22 per cent compared to the same period last year, mainly as a result of efficiency activities. Total turnover decreased by 6 per cent. Slightly higher margins compensated the downturn in turnover, which resulted in a 2 per cent increase of total income. Credit losses were stable. During the quarter the Card business was awarded as the best payment card and best supplier of travel administrative services at the Swedish Business Travel Awards.



## Wealth Management

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

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Net interest income	183	164	12				183	157	17	675
Net fee and commission income	849	927	-8				849	821	3	3 332
Net financial income	51	50	2				51	38	34	154
Net other income	7	8	-13				7	2		71
<b>Total operating income</b>	<b>1 090</b>	<b>1 149</b>	<b>-5</b>				<b>1 090</b>	<b>1 018</b>	<b>7</b>	<b>4 232</b>
Staff costs	- 307	- 299	3				- 307	- 317	-3	-1214
Other expenses	- 332	- 397	-16				- 332	- 301	10	-1351
Depreciation, amortisation and impairment of tangible and intangible assets	- 10	- 14	-29				- 10	- 10	0	- 42
<b>Total operating expenses</b>	<b>- 649</b>	<b>- 710</b>	<b>-9</b>				<b>- 649</b>	<b>- 628</b>	<b>3</b>	<b>-2 607</b>
<b>Profit before credit losses</b>	<b>441</b>	<b>439</b>	<b>0</b>				<b>441</b>	<b>390</b>	<b>13</b>	<b>1 625</b>
Gains less losses from tangible and intangible assets										
Net credit losses		- 9	-100					1	-100	- 15
<b>Operating profit</b>	<b>441</b>	<b>430</b>	<b>3</b>				<b>441</b>	<b>391</b>	<b>13</b>	<b>1 610</b>
Cost/Income ratio	0.60	0.62					0.60	0.62		0.62
Business equity, SEK bn	9.0	8.2					9.0	8.4		8.3
Return on business equity, %	15.1	16.2					15.1	14.3		14.9
Number of full time equivalents <sup>1)</sup>	882	872					877	920		891

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

- Private Banking continued to attract new clients and volumes across geographies
- Closed-end alternative funds attracted institutional customers
- Operating profit improved by 13 per cent and average asset values increased

### Comments on the first quarter

Sustained confidence among investors led to a continued positive stock market development through the start of 2014, but as the geopolitical uncertainty in the world increased the market activity slowed down.

Compared to the first quarter 2013, the average asset values increased, while margins were relatively stable.

Operating profit of SEK 441m represented an increase of 13 per cent compared to last year. Base commissions increased to SEK 723m (654). Performance and transaction fees decreased to SEK 21m (72) for the quarter due to lower performance fees on discretionary mandates. Brokerage fees and net interest income increased by 11 and 17 per cent, respectively, compared to the first quarter 2013. Costs increased slightly.

SEK 9bn of new volumes in Private Banking were received during the first quarter. SEB Private Banking was named Best

Private Bank in Sweden by Euromoney and was recognised in a number of other categories such as best family office services.

SEB continued to improve the customer offering for mutual funds, where funds managed by SEB represented an increased share of customers' net investments. They are complemented by carefully selected external funds.

In April, SEB has lowered its fees on certain short-term fixed income funds in order to align pricing to the prevailing low-yield environment. Also, the fees for some strategy funds were reduced.

The division's total assets under management amounted to an all-time high of SEK 1 436bn (1 290). That was an increase of 11 per cent since the first quarter 2013.

## Life

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

### Income statement

SEK m	Q1			Jan- Mar			Full year
	2014	2013	%	2014	2013	%	
Net interest income	- 12	- 9	33	- 12	- 18	-33	- 55
Net life insurance income	1187	1248	- 5	1187	1218	- 3	4 645
<b>Total operating income</b>	<b>1 175</b>	<b>1 239</b>	<b>- 5</b>	<b>1 175</b>	<b>1 200</b>	<b>- 2</b>	<b>4 590</b>
Staff costs	- 300	- 300	0	- 300	- 300	0	-1186
Other expenses	- 96	- 149	- 36	- 96	- 146	- 34	- 577
Depreciation, amortisation and impairment of tangible and intangible assets	- 228	- 239	- 5	- 228	- 231	- 1	- 935
<b>Total operating expenses</b>	<b>- 624</b>	<b>- 688</b>	<b>- 9</b>	<b>- 624</b>	<b>- 677</b>	<b>- 8</b>	<b>- 2 698</b>
<b>Profit before credit losses</b>	<b>551</b>	<b>551</b>	<b>0</b>	<b>551</b>	<b>523</b>	<b>5</b>	<b>1 892</b>
<b>Operating profit</b>	<b>551</b>	<b>551</b>	<b>0</b>	<b>551</b>	<b>523</b>	<b>5</b>	<b>1 892</b>
Cost/Income ratio	0.53	0.56		0.53	0.56		0.59
Business equity, SEK bn	8.2	8.2		8.2	8.2		8.2
Return on business equity, %	23.3	23.3		23.3	22.1		20.0
Number of full time equivalents <sup>1)</sup>	1317	1336		1324	1333		1343

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

- Operating profit increased by 5 per cent
- Strong growth in premiums paid and assets under management
- Highest customer bonus rates among Danish pension companies

### Comments on the first quarter

During the first quarter, SEB launched a new product for the Swedish pension market, a unit-linked product with guarantees. This product bridges the gap between unit-linked products without guarantees and traditional products with guarantee elements. In Denmark, continued strong investment performance combined with solid solvency ratios has enabled SEB Pension to provide the highest bonus rate in Denmark, which has contributed to a positive inflow of new business volumes. The Irish operation attracted new business in multiple markets.

Operating profit for the first quarter increased to SEK 551m (523). The unit-linked related business continued to represent a major part of total income and income grew by 5 per cent. The increase was primarily a result of higher fund values, but also of higher premium volumes. Compared to last year, total income decreased by 2 per cent due to lower income from traditional and risk insurance.

Expenses decreased by 8 per cent compared to last year. During the first quarter expenses were positively impacted by reversal of VAT charges in SEB Pension, Denmark.

Total premium income relating to both new and existing policies increased. During the first quarter premium income amounted to SEK 9bn, which was 14 per cent higher than last year. The increase was a result of growth in Sweden and Denmark, but also because pension fund operations in the Baltic countries are included from 2014. They were previously reported in the Wealth Management business area.

The weighted sales volume of new policies improved by 11 per cent to SEK 11bn. Unit-linked represented 85 per cent of sales (84) and the share of corporate paid policies was 72 per cent (67).

The total fund value in unit-linked amounted to SEK 240bn which is SEK 6bn higher than at year-end. During the first quarter, net inflow was SEK 2bn and the appreciation in value was SEK 4bn. Total assets under management amounted to SEK 514bn<sup>1)</sup>.

<sup>1)</sup> IPS and pension funds are included from 2014 with a volume of SEK 25bn

## Baltic

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

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Net interest income	532	529	1	532	450	18	532	450	18	1992
Net fee and commission income	246	262	-6	246	231	6	246	231	6	984
Net financial income	75	161	-53	75	80	-6	75	80	-6	449
Net other income	-6	-12	-50	-6	-4	50	-6	-4	50	-32
<b>Total operating income</b>	<b>847</b>	<b>940</b>	<b>-10</b>	<b>847</b>	<b>757</b>	<b>12</b>	<b>847</b>	<b>757</b>	<b>12</b>	<b>3393</b>
Staff costs	-164	-176	-7	-164	-155	6	-164	-155	6	-650
Other expenses	-236	-271	-13	-236	-240	-2	-236	-240	-2	-992
Depreciation, amortisation and impairment of tangible and intangible assets	-24	-40	-40	-24	-22	9	-24	-22	9	-106
<b>Total operating expenses</b>	<b>-424</b>	<b>-487</b>	<b>-13</b>	<b>-424</b>	<b>-417</b>	<b>2</b>	<b>-424</b>	<b>-417</b>	<b>2</b>	<b>-1748</b>
<b>Profit before credit losses</b>	<b>423</b>	<b>453</b>	<b>-7</b>	<b>423</b>	<b>340</b>	<b>24</b>	<b>423</b>	<b>340</b>	<b>24</b>	<b>1645</b>
Gains less losses from tangible and intangible assets	8	4	100	8	10	-20	8	10	-20	40
Net credit losses	-71	-163	-56	-71	-98	-28	-71	-98	-28	-405
<b>Operating profit</b>	<b>360</b>	<b>294</b>	<b>22</b>	<b>360</b>	<b>252</b>	<b>43</b>	<b>360</b>	<b>252</b>	<b>43</b>	<b>1280</b>
Cost/Income ratio	0.50	0.52		0.50	0.55		0.50	0.55		0.52
Business equity, SEK bn	9.2	8.5		9.2	9.5		9.2	9.5		8.8
Return on business equity, %	14.0	12.3		14.0	9.5		14.0	9.5		12.9
Number of full time equivalents <sup>1)</sup>	2780	2807		2788	2805		2788	2805		2799

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

#### Baltic Banking (excl RHC)

	Q1	Q4	%	Jan- Mar	Full year		
<b>Operating profit</b>	<b>379</b>	<b>321</b>	<b>18</b>	<b>379</b>	<b>267</b>	<b>42</b>	<b>1348</b>
Cost/Income ratio	0.48	0.50		0.48	0.53		0.49
Business equity, SEK bn	8.8	8.1		8.8	9.2		8.4
Return on business equity, %	15.3	14.2		15.3	10.4		14.2

- Return on business equity continued to improve
- Profit before credit losses increased by 24 per cent year-on-year
- SEB was named Best Bank in Lithuania by Global Finance

#### Comments on the first quarter

Baltic growth has been driven by stable, rising private consumption and increasing exports, with Latvia and Lithuania growing faster than Estonia in 2013. Export growth has now weakened and there is some caution evident regarding the Russia-Ukraine conflict. However, unemployment rates have continued to improve in all three countries.

Baltic loan volumes increased from March last year to SEK 101bn driven by Estonia while corporate and household lending volumes in Latvia and Lithuania decreased slightly. Lending margins remained relatively stable across the portfolio. Also Baltic deposit volumes at SEK 77bn rose compared to a year ago. In Latvia, most of the Euro-related increase in deposits in 2013 remained, and deposits were up 16 per cent year-on-year. In spite of the low deposit margins

prevailing in each of the Baltic countries, net interest income increased by 18 per cent compared to the first quarter of 2013 and was stable compared to year-end.

Operating profit was 43 per cent higher year-on-year and non-performing loans declined by 37 per cent. The net credit loss level was 27 basis points for the first quarter.

SEB continued to be acknowledged for customer excellence. SEB was named Best Bank in Lithuania by Global Finance magazine and Best Private Bank in Lithuania by Euromoney. The Latvian Banking Association awarded SEB with best product for private individuals and companies for the new Digipass Nano in the Latvian Golden Coin awards.

The real estate holding companies held assets at a total book value of SEK 2,812m (2,246).

# The SEB Group

## Net interest income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Interest income	12 255	12 688	- 3	12 255	12 321	- 1	12 255	12 321	- 1	49 723
Interest expense	-7 437	-7 756	- 4	-7 437	-7 862	- 5	-7 437	-7 862	- 5	-30 896
<b>Net interest income</b>	<b>4 818</b>	<b>4 932</b>	<b>- 2</b>	<b>4 818</b>	<b>4 459</b>	<b>8</b>	<b>4 818</b>	<b>4 459</b>	<b>8</b>	<b>18 827</b>

## Net fee and commission income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Issue of securities and advisory	232	336	- 31	232	65		232	65		716
Secondary market and derivatives	482	377	28	482	495	- 3	482	495	- 3	2 001
Custody and mutual funds	1 753	1 835	- 4	1 753	1 657	6	1 753	1 657	6	6 825
Payments, cards, lending, deposits, guarantees and other	2 396	2 315	3	2 396	2 174	10	2 396	2 174	10	9 591
<i>Whereof payments and card fees</i>	1 431	1 494	- 4	1 431	1 421	1	1 431	1 421	1	5 894
<i>Whereof lending</i>	652	574	14	652	454	44	652	454	44	2 531
<b>Fee and commission income</b>	<b>4 863</b>	<b>4 863</b>		<b>4 863</b>	<b>4 391</b>	<b>11</b>	<b>4 863</b>	<b>4 391</b>	<b>11</b>	<b>19 133</b>
<b>Fee and commission expense</b>	<b>-1 135</b>	<b>- 992</b>	<b>14</b>	<b>-1 135</b>	<b>-1 144</b>	<b>- 1</b>	<b>-1 135</b>	<b>-1 144</b>	<b>- 1</b>	<b>-4 469</b>
<b>Net fee and commission income</b>	<b>3 728</b>	<b>3 871</b>	<b>- 4</b>	<b>3 728</b>	<b>3 247</b>	<b>15</b>	<b>3 728</b>	<b>3 247</b>	<b>15</b>	<b>14 664</b>

## Net financial income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Equity instruments and related derivatives	842	541	56	842	- 40		842	- 40		1 235
Debt instruments and related derivatives	- 442	- 93		- 442	297		- 442	297		- 8
Currency and related derivatives	649	761	-15	649	721	-10	649	721	-10	2 791
Other	30	- 23		30	- 24		30	- 24		34
<b>Net financial income</b>	<b>1 079</b>	<b>1 186</b>	<b>- 9</b>	<b>1 079</b>	<b>954</b>	<b>13</b>	<b>1 079</b>	<b>954</b>	<b>13</b>	<b>4 052</b>

The result within Net financial income 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 credit spreads. The net effect from trading operations is fairly stable over time, although affected by seasonality, but shows volatility between lines.

For first quarter the positive effect from structured products offered to the public was approximately SEK 620m (Q4 2013: 660, Q1 2013:70) in Equity related instruments and a corresponding negative effect in Debt related instruments.

## Net credit losses – SEB Group

SEK m	Q1		Q4		Jan - Mar			Full year
	2014	2013		%	2014	2013	%	2013
<i>Provisions:</i>								
Net collective provisions for individually assessed loans	- 28	- 19		47	- 28	- 31	-10	59
Net collective provisions for portfolio assessed loans	75	165		-55	75	230	-67	715
Specific provisions	- 120	- 264			- 120	- 193	-38	- 756
Reversal of specific provisions no longer required	74	128		-42	74	75	-1	381
Net provisions for off-balance sheet items	- 11	5			- 11	6		11
<b>Net provisions</b>	<b>- 10</b>	<b>15</b>		<b>-167</b>	<b>- 10</b>	<b>87</b>	<b>-111</b>	<b>410</b>
<i>Write-offs:</i>								
Total write-offs	- 363	- 678		-46	- 363	- 819	-56	-3 755
Reversal of specific provisions utilized for write-offs	90	295		-69	90	440	-80	2 067
Write-offs not previously provided for	- 273	- 383		-29	- 273	- 379	-28	-1 688
Recovered from previous write-offs	25	27		-7	25	36	-31	123
<b>Net write-offs</b>	<b>- 248</b>	<b>- 356</b>		<b>-30</b>	<b>- 248</b>	<b>- 343</b>	<b>-28</b>	<b>-1 565</b>
<b>Net credit losses</b>	<b>- 258</b>	<b>- 341</b>		<b>-24</b>	<b>- 258</b>	<b>- 256</b>	<b>1</b>	<b>-1 155</b>

## Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Other reserves				Total Shareholders' equity	Minority interests	Total Equity
			Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans			
<b>Jan-Mar 2014</b>									
Opening balance	21 942	97 704	1 378	783	-2 018	2 992	<b>122 781</b>	33	<b>122 814</b>
Net profit		3 884					<b>3 884</b>		<b>3 884</b>
Other comprehensive income (net of tax)			407	646	-22	143	<b>1 174</b>	1	<b>1 175</b>
<b>Total comprehensive income</b>		<b>3 884</b>	<b>407</b>	<b>646</b>	<b>-22</b>	<b>143</b>	<b>5 058</b>	<b>1</b>	<b>5 059</b>
Dividend to shareholders		-8 725					<b>-8 725</b>		<b>-8 725</b>
Equity-based programmes <sup>1)</sup>		100					<b>100</b>		<b>100</b>
Change in holdings of own shares		-164					<b>-164</b>		<b>-164</b>
<b>Closing balance</b>	<b>21 942</b>	<b>92 799</b>	<b>1 785</b>	<b>1 429</b>	<b>-2 040</b>	<b>3 135</b>	<b>119 050</b>	<b>34</b>	<b>119 084</b>
<b>Jan-Dec 2013</b>									
Opening balance	21 942	90 033	273	1 688	-2 422	-2 091	<b>109 423</b>	90	<b>109 513</b>
Net profit		14 771					<b>14 771</b>	7	<b>14 778</b>
Other comprehensive income (net of tax)			1 105	-905	404	5 083	<b>5 687</b>	-1	<b>5 686</b>
<b>Total comprehensive income</b>		<b>14 771</b>	<b>1 105</b>	<b>-905</b>	<b>404</b>	<b>5 083</b>	<b>20 458</b>	<b>6</b>	<b>20 464</b>
Dividend to shareholders		-6 004					<b>-6 004</b>	-63	<b>-6 067</b>
Equity-based programmes <sup>1)</sup>		-1 127					<b>-1 127</b>		<b>-1 127</b>
Change in holdings of own shares		31					<b>31</b>		<b>31</b>
<b>Closing balance</b>	<b>21 942</b>	<b>97 704</b>	<b>1 378</b>	<b>783</b>	<b>-2 018</b>	<b>2 992</b>	<b>122 781</b>	<b>33</b>	<b>122 814</b>
<b>Jan-Mar 2013</b>									
Opening balance	21 942	90 033	273	1 688	-2 422	-2 091	<b>109 423</b>	90	<b>109 513</b>
Net profit		3 009					<b>3 009</b>	3	<b>3 012</b>
Other comprehensive income (net of tax)			477	-548	-639	776	<b>66</b>	-4	<b>62</b>
<b>Total comprehensive income</b>		<b>3 009</b>	<b>477</b>	<b>-548</b>	<b>-639</b>	<b>776</b>	<b>3 075</b>	<b>-1</b>	<b>3 074</b>
Dividend to shareholders		-6 004					<b>-6 004</b>		<b>-6 004</b>
Equity-based programmes <sup>1)</sup>		-112					<b>-112</b>		<b>-112</b>
Change in holdings of own shares		-427					<b>-427</b>		<b>-427</b>
<b>Closing balance</b>	<b>21 942</b>	<b>86 499</b>	<b>750</b>	<b>1 140</b>	<b>-3 061</b>	<b>-1 315</b>	<b>105 955</b>	<b>89</b>	<b>106 044</b>

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

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

	Jan-Mar 2014	Jan-Dec 2013	Jan-Mar 2013
<b>Number of shares owned by SEB, million</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Opening balance	14.4	2.2	2.2
Repurchased shares		32.2	9.8
Sold/distributed shares	-1.4	-20.0	-1.2
<b>Closing balance</b>	<b>13.0</b>	<b>14.4</b>	<b>10.8</b>

Market value of shares owned by SEB, SEK m

	1 151	1 223	704
--	-------	-------	-----

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

## Cash flow statement – SEB Group

SEK m	Jan - Mar			Full year
	2014	2013	%	2013
Cash flow from operating activities	50 788	37 757	35	- 33 172
Cash flow from investment activities	- 430	- 83		- 1 835
Cash flow from financing activities	- 2 494	- 867	188	- 7 842
<b>Net increase in cash and cash equivalents</b>	<b>47 864</b>	<b>36 807</b>	<b>30</b>	<b>- 42 849</b>
Cash and cash equivalents at the beginning of year	213 388	257 292	- 17	257 292
Exchange rate differences on cash and cash equivalents	- 1 379	- 2 113	- 35	- 1 055
Net increase in cash and cash equivalents	47 864	36 807	30	- 42 849
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>259 873</b>	<b>291 986</b>	<b>- 11</b>	<b>213 388</b>

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

## Financial assets and liabilities – SEB Group

SEK m	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 662 257	1 665 057	1 551 591	1 557 769	1 597 737	1 607 042
Equity instruments	165 071	165 071	157 728	157 728	146 798	146 798
Debt instruments	365 683	365 615	325 730	325 750	340 968	340 942
Derivative instruments	148 335	148 335	142 377	142 377	195 769	195 769
Financial assets - policyholders bearing the risk	226 902	226 902	234 062	234 062	211 433	211 433
Other	31 666	31 666	23 102	23 102	36 805	36 805
<b>Financial assets</b>	<b>2 599 914</b>	<b>2 602 646</b>	<b>2 434 590</b>	<b>2 440 788</b>	<b>2 529 510</b>	<b>2 538 789</b>
Deposits	1 113 767	1 120 442	1 025 666	1 032 553	1 125 630	1 135 419
Equity instruments	45 253	45 253	44 231	44 231	41 008	41 008
Debt instruments	833 379	834 765	768 354	773 747	746 011	747 494
Derivative instruments	134 583	134 583	136 707	136 707	182 815	182 812
Liabilities to policyholders - investment contracts	228 533	228 533	223 494	223 494	204 002	204 002
Other	35 718	35 718	32 205	32 266	39 398	36 639
<b>Financial liabilities</b>	<b>2 391 233</b>	<b>2 399 294</b>	<b>2 230 657</b>	<b>2 242 998</b>	<b>2 338 864</b>	<b>2 347 374</b>

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 41 in the Annual Report 2013.

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

SEK m	31 Mar 2014				31 Dec 2013			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total
<b>Assets</b>								
Financial assets - policyholders bearing the risk	221 151	5 059	691	<b>226 901</b>	228 772	3 365	1 925	<b>234 062</b>
Equity instruments at fair value	125 210	28 190	12 392	<b>165 792</b>	118 182	29 160	11 059	<b>158 401</b>
Debt instruments at fair value	146 168	185 723	1 257	<b>333 148</b>	121 766	167 766	1 429	<b>290 961</b>
Derivative instruments at fair value	3 648	140 334	4 352	<b>148 334</b>	2 619	136 039	3 719	<b>142 377</b>
Investment properties			7 687	<b>7 687</b>			7 623	<b>7 623</b>
<b>Total</b>	<b>496 177</b>	<b>359 306</b>	<b>26 379</b>	<b>881 862</b>	<b>471 339</b>	<b>336 330</b>	<b>25 755</b>	<b>833 424</b>
<b>Liabilities</b>								
Liabilities to policyholders - investment contracts	222 768	5 072	693	<b>228 533</b>	218 914	3 119	1 461	<b>223 494</b>
Equity instruments at fair value	44 761	59	433	<b>45 253</b>	43 678	64	489	<b>44 231</b>
Debt instruments at fair value	23 587	53 609		<b>77 196</b>	23 466	38 086		<b>61 552</b>
Derivative instruments at fair value	3 914	126 194	4 475	<b>134 583</b>	5 437	127 532	3 738	<b>136 707</b>
<b>Total</b>	<b>295 030</b>	<b>184 934</b>	<b>5 601</b>	<b>485 565</b>	<b>291 495</b>	<b>168 801</b>	<b>5 688</b>	<b>465 984</b>

### Fair value measurement

The objective of fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.

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

In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Risk Control classifies and continuously reviews the classification of financial instruments in the fair value hierarchy. The valuation process is the same for financial instruments in all levels.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the principal market for the instrument.

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. These adjustments are calculated on a counterparty level based on estimates of exposure at default, probability of default and recovery rates. Probability of default and recovery rate information is generally sourced from the CDS markets. For counterparties where this information is not available, or considered unreliable due to the nature of the exposure, alternative approaches are taken where the probability of default is based on generic credit indices for specific industry and/or rating.

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2013. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

### Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

### Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with one or more external counterparties executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument.

Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

### Level 3: Valuation techniques with significant unobservable inputs

Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and private equity holdings and investment properties.

If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.



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

### Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. There have been no significant transfers between levels.

Changes in level 3	Closing balance 31 Dec 2013	Gain/loss in Income statement	Gain/loss in Other comprehensiv e income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Reclassifi- cation	Exchange rate differences	Closing balance 31 Mar 2014
<b>Assets</b>										
Financial assets - policyholders bearing the risk	1 925	61		159				-1 453	-1	691
Equity instruments at fair value	11 059	-70	7	545	-673			1 453	71	12 392
Debt instruments at fair value	1 429	-54		94	-219				7	1 257
Derivative instruments at fair value	3 719	614		18	-21				22	4 352
Investment properties	7 623	3		23	-7				45	7 687
<b>Total</b>	<b>25 755</b>	<b>554</b>	<b>7</b>	<b>839</b>	<b>-920</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>144</b>	<b>26 379</b>
<b>Liabilities</b>										
Liabilities to policyholders - investment contracts	1 461	62		102				-933	1	693
Equity instruments at fair value	489	-7			-51				2	433
Debt instruments at fair value	0									0
Derivative instruments at fair value	3 738	669		44					24	4 475
<b>Total</b>	<b>5 688</b>	<b>724</b>	<b>0</b>	<b>146</b>	<b>-51</b>	<b>0</b>	<b>0</b>	<b>-933</b>	<b>27</b>	<b>5 601</b>

### Sensitivity of Level 3 assets and liabilities to unobservable inputs

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives. There have been no significant changes during 2014. The largest open market risk within Level 3 financial instruments is found within the insurance business.

SEK m	31 Mar 2014				31 Dec 2013			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives - interest rate <sup>1)</sup>	655	-819	-164	55	489	-684	-195	59
Capital Markets <sup>2)</sup>	260	-39	221	15	397	-45	352	16
Bond investment portfolio <sup>3)</sup>	43		43	23	48		48	9
Venture Capital holding and similar holdings <sup>4)</sup>	1 791	-433	1 358	272	1 803	-490	1 313	277
Insurance holdings - Financial instruments <sup>5)</sup>	10 726	-257	10 468	1 260	10 752	-263	10 489	1 498
Insurance holdings - Investment properties <sup>6)</sup>	7 687		7 687	769	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).

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
<b>31 Mar 2014</b>								
Derivatives	138 326	-6 404	131 922	-100 552	-40 279	-8 909	16 412	148 334
Reversed repo receivables	126 911	-7 396	119 515	-30 959	-83 552	5 004	6 640	126 155
Securities borrowing	50 696	-6 177	44 519	-23 140	-20 771	608	5 875	50 394
Client receivables	14 928	-14 928					15 529	15 529
<b>Assets</b>	<b>330 861</b>	<b>-34 905</b>	<b>295 956</b>	<b>-154 651</b>	<b>-144 602</b>	<b>-3 297</b>	<b>44 456</b>	<b>340 412</b>
Derivatives	127 095	-6 404	120 691	-100 552	-29 732	-9 593	13 892	134 583
Repo payables	26 956	-7 396	19 560	-30 959	-4 503	-15 902	8 991	28 551
Securities lending	26 666	-6 177	20 489	-23 140	-3 526	-6 177	9 859	30 348
Client payables	14 928	-14 928					13 386	13 386
<b>Liabilities</b>	<b>195 645</b>	<b>-34 905</b>	<b>160 740</b>	<b>-154 651</b>	<b>-37 761</b>	<b>-31 672</b>	<b>46 128</b>	<b>206 868</b>
<b>31 Dec 2013</b>								
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					5 601	5 601
<b>Assets</b>	<b>280 988</b>	<b>-24 140</b>	<b>256 848</b>	<b>-108 741</b>	<b>-131 838</b>	<b>16 269</b>	<b>41 390</b>	<b>298 238</b>
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		11 317	21 847
Securities lending	19 709	-5 334	14 375	-6 801	-7 574		13 686	28 061
Client payables	8 060	-8 060					13 140	13 140
<b>Liabilities</b>	<b>180 512</b>	<b>-24 140</b>	<b>156 372</b>	<b>-108 741</b>	<b>-34 352</b>	<b>13 279</b>	<b>43 382</b>	<b>199 754</b>
<b>31 Mar 2013</b>								
Derivatives	187 810	-11 032	176 778	-131 080	-28 465	17 233	18 990	195 768
Reversed repo receivables	87 653	-8 818	78 835	-4 186	-74 469	180	32 161	110 996
Securities borrowing	62 474	-4 005	58 469	-16 770	-39 604	2 095	4 559	63 028
Client receivables	15 244	-15 244					14 246	14 246
<b>Assets</b>	<b>353 181</b>	<b>-39 099</b>	<b>314 082</b>	<b>-152 036</b>	<b>-142 538</b>	<b>19 508</b>	<b>69 956</b>	<b>384 038</b>
Derivatives	185 893	-11 032	174 861	-131 080	-26 814	16 967	7 953	182 814
Repo payables	18 981	-8 818	10 163	-4 186	-5 977		20 503	30 666
Securities lending	39 068	-4 005	35 063	-16 770	-17 205	1 088	10 553	45 616
Client payables	15 244	-15 244					19 735	19 735
<b>Liabilities</b>	<b>259 186</b>	<b>-39 099</b>	<b>220 087</b>	<b>-152 036</b>	<b>-49 996</b>	<b>18 055</b>	<b>58 744</b>	<b>278 831</b>

The table shows financial assets and liabilities that are presented net in the balance sheet or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral.

Financial assets and liabilities are presented net in the balance sheet when SEB has legally enforceable rights to set-off, in the ordinary course of business and in the case of bankruptcy, and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Repos with central counterparty clearing houses that SEB has agreements with and client receivables and client payables are examples of instruments that are presented net in the balance sheet.

Financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements that are not presented net in the statement of financial position are arrangements that are usually enforceable in the case of bankruptcy or default but not in the ordinary course of business or arrangements where SEB does not have the intention to settle the instruments simultaneously.

Assets and liabilities that are not subject to offsetting or netting arrangements, i.e those that are only subject to collateral agreements, are presented as Other instruments in balance sheet not subject to netting arrangements.

## Reclassified portfolios – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year 2013
	2014	2013	%	2014	2013	%	2014	2013	%	
<b>Reclassified</b>										
Opening balance	18 845	20 585	-8	18 845	29 342	-36	18 845	29 342	-36	29 342
Amortisations	-1 688	-2 063	-18	-1 688	-645	162	-1 688	-645	162	-6 076
Securities sold	-1 038	-127		-1 038	-1 806	-43	-1 038	-1 806	-43	-4 993
Accrued coupon	5	-38	-113	5	37	-86	5	37	-86	-8
Exchange rate differences	143	488	-71	143	-735	-119	143	-735	-119	580
<b>Closing balance*</b>	<b>16 267</b>	<b>18 845</b>	<b>-14</b>	<b>16 267</b>	<b>26 193</b>	<b>-38</b>	<b>16 267</b>	<b>26 193</b>	<b>-38</b>	<b>18 845</b>
* Market value	16 211	18 668	-13	16 211	25 604	-37	16 211	25 604	-37	18 668
<b>Fair value impact - if not reclassified</b>										
In Other Comprehensive Income (AFS origin)	10	163	-94	10	177	-94	10	177	-94	535
In Income Statement (HFT origin)	-23	-20	15	-23	4		-23	4		10
<b>Total</b>	<b>-13</b>	<b>143</b>	<b>-109</b>	<b>-13</b>	<b>181</b>	<b>-107</b>	<b>-13</b>	<b>181</b>	<b>-107</b>	<b>545</b>
<b>Effect in Income Statements**</b>										
Net interest income	62	62		62	88	-30	62	88	-30	305
Net financial income	134	236		134	-311	-143	134	-311	-143	274
Other income	3	-8	-138	3	-8	-138	3	-8	-138	-34
<b>Total</b>	<b>199</b>	<b>290</b>	<b>-31</b>	<b>199</b>	<b>-231</b>	<b>-186</b>	<b>199</b>	<b>-231</b>	<b>-186</b>	<b>545</b>

\*\* The effect in the Income Statement is the profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the foreign currency effect related to the reclassified portfolio but does not include the off-setting foreign currency effects from financing activities. Other income is the realised gains or losses from sales in the portfolio.

## Non-performing loans – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2014	2013	2013
<b>Individually assessed impaired loans</b>			
Impaired loans, past due > 60 days	4 463	4 609	6 643
Impaired loans, performing or past due < 60 days	287	322	665
<b>Total individually assessed impaired loans</b>	<b>4 750</b>	<b>4 931</b>	<b>7 308</b>
Specific reserves	- 2 483	- 2 521	- 3 796
<i>for impaired loans, past due &gt; 60 days</i>	- 2 307	- 2 352	- 3 417
<i>for impaired loans, performing or past due &lt; 60 days</i>	- 176	- 169	- 379
Collective reserves	- 1 799	- 1 762	- 1 787
<b>Impaired loans net</b>	<b>468</b>	<b>648</b>	<b>1 725</b>
Specific reserve ratio for individually assessed impaired loans	52.3%	51.1%	51.9%
Total reserve ratio for individually assessed impaired loans	90.1%	86.9%	76.4%
Net level of impaired loans	0.16%	0.17%	0.25%
Gross level of impaired loans	0.33%	0.35%	0.52%
<b>Portfolio assessed loans</b>			
Portfolio assessed loans past due > 60 days	4 139	4 146	4 802
Restructured loans	354	381	405
Collective reserves for portfolio assessed loans	- 2 190	- 2 252	- 2 534
Reserve ratio for portfolio assessed loans	48.7%	49.7%	48.7%
<b>Reserves</b>			
Specific reserves	- 2 483	- 2 521	- 3 796
Collective reserves	- 3 989	- 4 014	- 4 321
Reserves for off-balance sheet items	- 297	- 275	- 289
<b>Total reserves</b>	<b>- 6 769</b>	<b>- 6 810</b>	<b>- 8 406</b>
<b>Non-performing loans</b>			
Non-performing loans*	9 243	9 458	12 515
NPL coverage ratio	73.2%	72.0%	67.2%
NPL % of lending	0.64%	0.67%	0.90%

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

## Seized assets – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2014	2013	2013
Properties, vehicles and equipment	2 996	2 895	2 315
Shares	46	45	50
<b>Total seized assets</b>	<b>3 042</b>	<b>2 940</b>	<b>2 365</b>

## Discontinued operations – SEB Group

### Income statement

SEK m	Q1		Q4		Jan - Mar			Full year
	2014	2013		%	2014	2013	%	2013
Total operating income		2		-100		34	-100	42
Total operating expenses		-41		-100		-42	-100	-118
<b>Profit before credit losses</b>	<b>0</b>	<b>-39</b>			<b>0</b>	<b>-8</b>	<b>-100</b>	<b>-76</b>
Net credit losses							0	-20
<b>Operating profit</b>	<b>0</b>	<b>-39</b>			<b>0</b>	<b>-8</b>	<b>-100</b>	<b>-96</b>
Income tax expense		45				8	-100	85
<b>Net profit from discontinued operations</b>	<b>0</b>	<b>6</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-11</b>

### Assets and liabilities held for sale

SEK m	31 Mar 2014	31 Dec 2013	31 Mar 2013
Loans to the public			
Other assets			
<b>Total assets held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deposits from credit institutions			
Deposits and borrowing from the public			
Other liabilities			
<b>Total liabilities held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Cash flow statement

SEK m	Q1		Q4		Jan - Mar			Full year
	2014	2013		%	2014	2013	%	2013
Cash flow from operating activities		-139		-100		-25		-268
Cash flow from investment activities								
Cash flow from financing activities		139		-100		25		268
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		<b>0</b>

Discontinued operations includes the operational separation of the divested retail operations in Germany and Ukraine. The divestments are now finalised.

# SEB consolidated situation

## Capital adequacy analysis for SEB consolidated situation

		Pro forma BIII	BII
Capital adequacy SEK m	31 Mar 2014	31 Dec 2013	31 Dec 2013
<b>Own funds</b>			
Common Equity Tier 1 capital	92 051	89 826	100 448
Tier 1 capital	103 254	102 462	108 159
Total own funds	109 716	108 260	107 077
<b>Own funds requirement</b>			
Risk exposure amount	587 503	598 324	563 559
Expressed as own funds requirement	47 000	47 866	45 085
Common Equity Tier 1 capital ratio	15.7%	15.0%	17.8%
Tier 1 capital ratio	17.6%	17.1%	19.2%
Total capital ratio	18.7%	18.1%	19.0%
Own funds in relation to own funds requirement	2.33	2.26	2.38
<b>Transitional floor 80% of capital requirement according to Basel I</b>			
Minimum floor own funds requirement according to Basel I	75 105	74 054	74 054
Own funds according to Basel I	109 091	109 042	107 423
Own funds in relation to own funds requirement Basel I	1.45	1.47	1.45
<b>Leverage ratio</b>			
Total exposure value for leverage ratio calculation	2 557 449	2 327 121	
...of which on balance sheet items	2 275 149	2 118 326	
...of which off balance sheet items	282 299	208 795	
Leverage ratio	4.1%	4.2%	
<i>Calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter</i>			

### The Basel III framework

The Basel III framework, in the form of the CRD IV/CRR regulatory package, was adopted by the European Parliament in June 2013.

The CRR part is a regulation and hence applicable law in all member states when adopted by the EU. The CRD IV part applies from 1 January 2014 and is now in the process of being transposed into Swedish legislation and the expected implementation date is 1 August 2014. The Basel III information in this report is based on SEB's interpretation of the regulations and may be amended when the final version of the Swedish legislation is established.

The Swedish government has communicated stricter own funds requirements than those stipulated under Basel III, a 12 per cent Common Equity Tier 1 requirement from 2015 (on a Basel III/CRD IV fully implemented basis). The current requirement is 10 per cent.

Additional own funds requirements may be included in the regulations. A risk-weight floor on Swedish residential mortgage lending has already been introduced and countercyclical buffer requirements and other Pillar 2 charges may be added.

The floor on Swedish residential mortgage lending is 15 per cent. Since it constitutes a Pillar 2 charge, the capital ratios which are reported according to Pillar 1, are not affected. SEB has allocated additional capital to the residential mortgage business in line with the risk-weight floor. There is a pending proposal to increase the risk-weight floor to 25 per cent.

Based on an average risk-weight of 7.3 per cent for the Swedish residential mortgage lending under Pillar 1 as per 31 March 2014, the additional Pillar 2 risk exposure amount would be SEK 31.1bn, given the 15 per cent risk floor. The Swedish Common Equity Tier 1 requirement of 12 per cent indicates that SEB would be required to hold additional Common Equity Tier 1 capital in the amount of SEK 3.7bn, which would correspond to 64 basis points on the Common Equity Tier 1 capital ratio under Pillar 1.

If the risk-weight floor were 25 per cent, the Common Equity Tier 1 capital ratio would be 146 basis points lower, all else equal.

## Own funds for SEB consolidated situation

SEK m	Pro forma BIII		BII
	31 Mar 2014	31 Dec 2013	31 Dec 2013
Total equity according to balance sheet	119 050	122 780	122 814
Deductions related to the consolidated situation and other foreseeable charges	-5 679	-11 562	-11 496
<b>= Total equity in the capital adequacy</b>	<b>113 371</b>	<b>111 218</b>	<b>111 318</b>
Adjustment for hedge contracts	-1 429	-783	-40
Value adjustment due to prudent valuation	-667	-848	-362
Unrealised value changes on available-for-sale financial assets	-1 438	-1 515	-1 372
Goodwill	-9 839	-9 806	-4 085
Other intangible assets	-2 434	-2 442	-2 443
Deferred tax assets	-606	-649	-1 576
Net provisioning amount for IRB-reported credit exposures*	-570	-782	-345
Pension assets in excess of related liabilities	-2 375	-2 298	0
Deduction for holdings in own CET 1 instruments	-955	-975	0
Exposures where Risk exposure amount is not calculated	-1 007	-1 294	-647
<b>= Common Equity Tier 1 capital</b>	<b>92 051</b>	<b>89 826</b>	<b>100 448</b>
Additional Tier 1 instruments	11 203	12 636	14 249
Investments in insurance companies	0	0	-6 538
<b>= Tier 1 capital</b>	<b>103 254</b>	<b>102 462</b>	<b>108 159</b>
Tier 2 instruments	7 842	8 373	7 298
Net provisioning amount for IRB-reported credit exposures*	1 195	0	-345
Unrealised gains on available-for-sale financial assets	0	0	1 515
Exposures where Risk exposure amount is not calculated	0	0	-647
Investments outside the consolidated situation	0	0	-67
Investments in insurance companies	-2 575	-2 575	-6 538
<b>= Tier 2 capital</b>	<b>6 462</b>	<b>5 798</b>	<b>1 216</b>
Pension assets in excess of related liabilities	0	0	-2 298
<b>= Own funds</b>	<b>109 716</b>	<b>108 260</b>	<b>107 077</b>

\*The negative net provisioning amount on non-defaulted IRB-reported credit exposures is deducted from CET1 capital. Positive net provisioning amount on defaulted IRB-reported credit exposures is added to Tier 2 capital, and cannot be used to cover deficit on non-defaulted credit exposures.

The capital base table outlines the main differences between the Basel II and Basel III regulatory frameworks

On 11 March 2014, the Swedish Financial Supervisory Authority approved SEB's application to use quarterly profit in measuring the capital base on condition that the responsible auditors (PwC) can confirm that predictable costs and

dividends have been deducted in accordance with EU regulation number 575/2013 and that the calculation was made in accordance with EU regulation number 241/2014. PwC is in the process of performing this review.

## Risk exposure amount for SEB consolidated situation

Risk exposure amount SEK m	31 Mar 2014	Pro forma BIII	BII
		31 Dec 2013	31 Dec 2013
<b>Credit risk IRB approach</b>			
Institutions	27 367	29 936	22 454
Corporates	328 514	328 457	328 739
Securitisation positions	5 017	4 827	4 827
Retail mortgages	40 363	41 433	41 433
Other retail exposures	10 352	10 619	10 619
Other exposure classes	1 376	1 418	1 418
<b>Total credit risk IRB approach</b>	<b>412 989</b>	<b>416 690</b>	<b>409 490</b>
<b>Further risk exposure amounts</b>			
Credit risk, Standardised approach	65 724	72 467	59 167
Operational risk, Advanced Measurement approach	39 542	38 313	38 313
Foreign exchange rate risk	4 827	6 485	6 485
Trading book risks	50 090	50 104	50 104
Investments in insurance business	11 949	11 949	0
Other exposures	2 382	2 316	0
<b>Total risk exposure amount</b>	<b>587 503</b>	<b>598 324</b>	<b>563 559</b>

The overall risk exposure amount decreased by 2 per cent, or SEK 10bn, since year-end 2013.

Risk exposure amount	SEK bn
Pro forma Balance 31 December 2013	598
Volumes changes	2
Currency effect	3
Processes changes	-3
Risk class migration	-3
Risk-weight changes	-4
Market risk changes	-2
Other	-3
<b>Balance 31 March 2014</b>	<b>588</b>

### Average risk-weight

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

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

IRB reported credit exposures (less repos and securities lending) Average risk-weight	31 Mar 2014	Pro forma BIII	BII
		31 Dec 2013	31 Dec 2013
Institutions	22.2%	24.3%	18.1%
Corporates	37.7%	38.3%	38.3%
Securitisation positions	38.4%	39.0%	39.0%
Retail mortgages	9.1%	9.5%	9.5%
Other retail exposures	39.4%	39.0%	39.0%

The decrease in risk-weight for institutions compared to the pro forma Basel III risk weight is due to relative shift of exposures towards better risk classes. The decrease of risk

weight for retail mortgages is due to positive effects from update of market values of properties.



## Skandinaviska Enskilda Banken AB (publ)

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

In accordance with FSA regulations SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
Interest income	8 889	9 255	-4	8 889	8 692	2	8 889	8 692	2	35 740
Leasing income	1 355	1 368	-1	1 355	1 399	-3	1 355	1 399	-3	5 567
Interest expense	-5 526	-5 689	-3	-5 526	-5 594	-1	-5 526	-5 594	-1	-22 435
Dividends	272	23		272			272			4 848
Fee and commission income	2 629	2 483	6	2 629	2 175	21	2 629	2 175	21	9 815
Fee and commission expense	- 424	- 341	24	- 424	- 339	25	- 424	- 339	25	-1 532
Net financial income	902	1 048	-14	902	824	9	902	824	9	3 547
Other income	210	265	-21	210	165	27	210	165	27	1 990
<b>Total operating income</b>	<b>8 307</b>	<b>8 412</b>	<b>-1</b>	<b>8 307</b>	<b>7 322</b>	<b>13</b>	<b>8 307</b>	<b>7 322</b>	<b>13</b>	<b>37 540</b>
Administrative expenses	-3 450	-3 613	-5	-3 450	-3 418	1	-3 450	-3 418	1	-14 062
Depreciation, amortisation and impairment of tangible and intangible assets	-1 250	-1 254	0	-1 250	-1 252	0	-1 250	-1 252	0	-5 024
<b>Total operating expenses</b>	<b>-4 700</b>	<b>-4 867</b>	<b>-3</b>	<b>-4 700</b>	<b>-4 670</b>	<b>1</b>	<b>-4 700</b>	<b>-4 670</b>	<b>1</b>	<b>-19 086</b>
<b>Profit before credit losses</b>	<b>3 607</b>	<b>3 545</b>	<b>2</b>	<b>3 607</b>	<b>2 652</b>	<b>36</b>	<b>3 607</b>	<b>2 652</b>	<b>36</b>	<b>18 454</b>
Net credit losses	- 141	- 115	23	- 141	- 97	45	- 141	- 97	45	- 451
Impairment of financial assets	- 49	-1 678	-97	- 49	- 1		- 49	- 1		-1 691
<b>Operating profit</b>	<b>3 417</b>	<b>1 752</b>	<b>95</b>	<b>3 417</b>	<b>2 554</b>	<b>34</b>	<b>3 417</b>	<b>2 554</b>	<b>34</b>	<b>16 312</b>
Appropriations	201	2 574	-92	201	327	-39	201	327	-39	3 432
Income tax expense	- 700	- 707	-1	- 700	- 857	-18	- 700	- 857	-18	-2 778
Other taxes	3	- 14	-121	3	- 15	-120	3	- 15	-120	- 27
<b>Net profit</b>	<b>2 921</b>	<b>3 605</b>	<b>-19</b>	<b>2 921</b>	<b>2 009</b>	<b>45</b>	<b>2 921</b>	<b>2 009</b>	<b>45</b>	<b>16 939</b>

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

SEK m	Q1			Q4			Jan - Mar			Full year
	2014	2013	%	2014	2013	%	2014	2013	%	2013
<b>Net profit</b>	<b>2 921</b>	<b>3 605</b>	<b>-19</b>	<b>2 921</b>	<b>2 009</b>	<b>45</b>	<b>2 921</b>	<b>2 009</b>	<b>45</b>	<b>16 939</b>
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	430	243	77	430	486	-12	430	486	-12	859
Cash flow hedges	646	350	85	646	- 547		646	- 547		- 903
Translation of foreign operations	4	- 7	-157	4	- 12	-133	4	- 12	-133	- 32
<b>Other comprehensive income (net of tax)</b>	<b>1 080</b>	<b>586</b>	<b>84</b>	<b>1 080</b>	<b>- 73</b>		<b>1 080</b>	<b>- 73</b>		<b>- 76</b>
<b>Total comprehensive income</b>	<b>4 001</b>	<b>4 191</b>	<b>-5</b>	<b>4 001</b>	<b>1 936</b>	<b>107</b>	<b>4 001</b>	<b>1 936</b>	<b>107</b>	<b>16 863</b>

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

<b>Condensed</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
<b>SEK m</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Cash and cash balances with central banks	231 008	135 309	201 752
Loans to credit institutions	184 339	183 312	237 134
Loans to the public	1 034 772	1 013 188	950 818
Financial assets at fair value	475 810	433 431	484 934
Available-for-sale financial assets	19 239	17 485	16 942
Held-to-maturity investments	87	85	920
Investments in associates	1 088	1 055	1 053
Shares in subsidiaries	52 816	52 555	49 709
Tangible and intangible assets	40 594	40 080	41 868
Other assets	34 706	27 658	43 185
<b>Total assets</b>	<b>2 074 459</b>	<b>1 904 158</b>	<b>2 028 315</b>
Deposits from credit institutions	264 387	210 237	238 259
Deposits and borrowing from the public	660 957	611 234	695 429
Debt securities	758 163	704 088	664 048
Financial liabilities at fair value	211 578	201 705	252 079
Other liabilities	56 221	46 613	59 890
Provisions	75	92	141
Subordinated liabilities	20 429	22 739	23 414
Untaxed reserves	23 694	23 694	26 346
Total equity	78 955	83 756	68 709
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>2 074 459</b>	<b>1 904 158</b>	<b>2 028 315</b>

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

<b>SEK m</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Collateral and comparable security pledged for own liabilities	338 323	316 525	313 434
Other pledged assets and comparable collateral	124 988	98 927	134 969
Contingent liabilities	81 907	84 767	81 406
Commitments	363 960	335 048	332 924

## Capital adequacy

		<b>Basel II</b>
<b>Capital adequacy</b>	<b>31 Mar</b>	<b>31 Dec</b>
<b>SEK m</b>	<b>2014</b>	<b>2013</b>
<b>Own funds</b>		
Common Equity Tier 1 capital	95 803	89 404
Tier 1 capital	107 006	103 658
Total own funds	114 902	110 161
<b>Own funds requirement</b>		
Risk exposure amount	494 802	716 867
Expressed as own funds requirement	39 584	57 349
Common Equity Tier 1 capital ratio	19.4%	12.5%
Tier 1 capital ratio	21.6%	14.5%
Total capital ratio	23.2%	15.4%
Own funds in relation to capital requirement	2.90	1.92

# This is SEB

<b>Mission</b>	To help people and businesses thrive by providing quality advice and financial resources.
<b>Vision</b>	To be <i>the</i> trusted partner for customers with aspirations.
<b>Values</b>	Guided by our Code of Business Conduct and our core values: professionalism, commitment, mutual respect and continuity.
<b>Customers and markets</b>	2,900 large corporates and institutions, 400,000 SMEs and 4 million private customers bank with SEB. They are mainly located in eight markets around the Baltic Sea.
<b>Brand promise</b>	Rewarding relationships.
<b>Corporate objectives</b>	The leading Nordic bank for corporates and institutions. The top universal bank in Sweden and the Baltic countries.
<b>Strategic value-driving priorities</b>	Long-term customer relationships – build and develop relationships based on the customers' long-term needs with a holistic perspective. Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions in the Nordic countries and Germany, small and medium-sized companies in Sweden, and a holistic savings offering. Resilience and flexibility – ensure the financial strength needed to demonstrate stability and resilience as well as the flexibility to adapt operations in a cost-efficient manner to the prevailing market conditions.
<b>People</b>	Around 16,000 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
<b>History</b>	Over 150 years of business, building trust and sharing knowledge. The Bank has always acted responsibly in society promoting entrepreneurship, international outlook and long-term relationships.

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