

Interim Report

January – March 2017

STOCKHOLM 27 APRIL 2017



SEB Interim Report January – March 2017

SEB

First quarter 2017 result

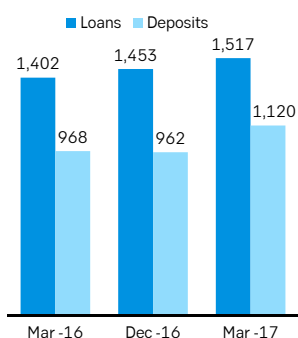
(Compared with the fourth quarter 2016)

- Operating income SEK 11.2bn (11.6) and operating expenses SEK 5.4bn (5.7).
- Operating profit SEK 5.5bn (5.6) and net profit SEK 4.3bn (4.2).
- Net credit losses SEK 204m (284) with a credit loss level of 0.05 per cent (0.08).
- Return on equity 12.2 per cent (12.3).
- Return on equity excluding items affecting comparability* 11.7 per cent (11.8).
- Earnings per share SEK 1.98 (1.96).

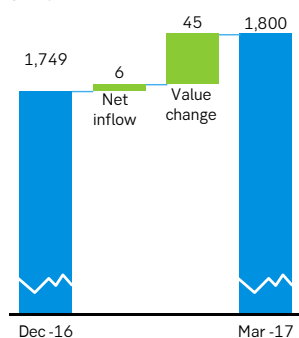
* All items affecting comparability occurred in 2016. See page 4.

Volumes and key ratios

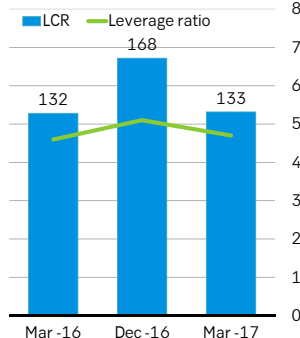
Loans to and deposits from the public
SEK bn



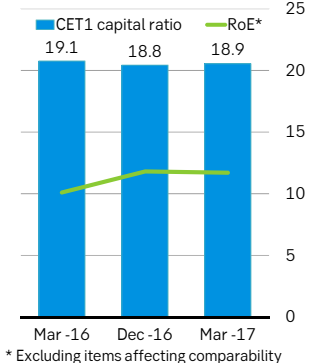
Assets under management
SEK bn



Liquidity coverage & Leverage ratios
Per cent



CET 1 capital ratio/Return on equity
Per cent



President's comment

On a global scale there are indeed several worrying tendencies and events such as increased geopolitical uncertainty, summons for increased protectionism, record high indebtedness, ageing populations and increased political risks in many countries. At the same time, there are also reasons to be more optimistic. The world economy is gaining more momentum, now also in Europe. Just as seen towards the end of last year, business sentiment has continued to grow more positive. These trends have also been reflected in the financial markets development. Bond yields have risen on the back of the long period of quantitative easing programs slowly coming to an end, while expectations of increased infrastructure investments and higher growth have spurred equity markets. In the US, the Federal Reserve increased its fed funds rate for the second time, while the Swedish Riksbank has since the start of last year held its repo rate at -0.50 per cent.

Diverse business mix key strength in complex environment

With SEB's diversified business mix we can support our customers and deliver sustainable profitable growth also in the prevailing complex environment. Compared to the first quarter last year, net interest income increased by 2 per cent despite the fact that the Swedish resolution fund fee was doubled as of 2017. Strong financial markets and active corporate customers contributed to an increase in net fee and commission income of 10 per cent compared to the first quarter in 2016. Operating expenses amounted to SEK 5.4bn; in line with our annual cost cap of below SEK 22bn through 2018. Asset quality remained high with a credit loss level of 0.05 per cent. With the Common Equity Tier 1 capital ratio at 18.9 per cent, return on equity reached 12.2 per cent.

The cost of delivering banking services is increasing. This year, SEB expects to pay more than SEK 2bn in regulatory fees including resolution fund and deposit guarantee fees. Ultimately these costs will also impact customers.

Continued execution on our three year business plan

We are well into our three year business plan which comprises the first phase of our ambitious long-term journey to deliver world-class service to our customers. The plan includes three key growth areas – all our businesses in Sweden, our Nordic and German corporate franchises and the long-term savings area. It also includes a clear transformation agenda where we intend to capture the full potential that digitisation provides both in terms of enhanced and convenient services to our customers as well as increased internal efficiency by means of automation.

In the first quarter, we strengthened our franchise in Sweden. We continued to be the market leader in capital markets in Sweden, and we strengthened our SME presence with a market share of 15 per cent. In the Nordic countries and Germany, we continued to make progress with corporate customers as they increased activity in a more optimistic business climate. Overall, financial institutions showed a strong interest for ESG investments, an area where SEB has a leading position. During the quarter several transformation initiatives were deployed as for example digital onboarding of customers in Sweden, personal financial management functionality in the mobile banking app, Smart ID for digital signing in the three Baltic countries, and our new global custody platform, Investor World, to just name a few.

To me it is a great privilege to take the helm of SEB. Our strategy remains the same and we can continue the journey from a position of strength. Our commitment is relentless. We will continue to work hard to execute on our strategy and business plan. There is more work to be done before we in the eyes of our customers have reached our vision of world-class service.



The first quarter 2017

Operating profit decreased by 1 per cent to SEK 5,529m (5,558) and net profit (after tax) increased by 1 per cent to SEK 4,290m (4,244). Compared to the first quarter 2016, when two of the items affecting comparability* were included in the result, operating profit increased by SEK 6,985m to SEK 5,529m (-1,456).

Operating income

Total operating income decreased by 4 per cent to SEK 11,204m (11,618) and increased by 10 per cent from SEK 10,222m in the first quarter 2016.

Net interest income, which amounted to SEK 4,716m, decreased by 2 per cent compared with the previous quarter (4,798) and increased by 2 per cent year-on-year. Both the Swedish repo rate and the ECB euro refinancing interest rate were unchanged in the quarter, at -0.5 and zero per cent, respectively.

	Q1	Q4	Q1
SEK m	2017	2016	2016
Customer-driven NII	5 427	5 424	4 967
NII from other activities	-711	-626	-331
Total	4 716	4 798	4 636

Customer-driven net interest income was almost flat compared to the fourth quarter 2016 with only minor volume and margin effects, primarily due to the stable lending volumes.

Year-on-year, customer-driven net interest income increased by SEK 460m. A positive lending effect in the amount of SEK 769m was offset by the deposits, mainly lower deposit margins related to the negative interest rate environment, at a total amount of SEK 309m.

Net interest income from other activities decreased by SEK 86m compared to the fourth quarter 2016. Both

long-term funding and additional tier 1 capital were raised during the quarter in order to replace funding that will mature during the year. The resolution fund fee increased by SEK 211m due to an increase in the regulatory requirement, from 4.5 to 9 basis points applied on adjusted total liabilities.

Total regulatory fees, including resolution fund and deposit guarantee fees, amounted to SEK 526m (331). Regulatory fees are expected to exceed SEK 2bn in total in 2017, versus SEK 1.4bn in 2016.

Net fee and commission income decreased by 7 per cent to SEK 4,268m (4,609) and increased by 10 per cent compared with the first quarter 2016. Corporate customers were active in the capital markets taking advantage of the low interest levels in the first quarter. The related fees from the issue of securities and advisory fees increased by SEK 51m compared to the fourth quarter 2016 and by SEK 132m compared to the first quarter last year. Lending activity was low in the first quarter and lending related fees decreased by SEK 170m compared to the fourth quarter 2016. The stock markets improved during the quarter, leading to an increase of SEK 49m in fee income from assets under management and custody, excluding performance and transaction fees which decreased from the seasonally high fourth quarter to SEK 38m (212). Other securities commissions decreased. Net commissions relating to the life insurance business decreased to SEK 267m (276).

Net financial income increased by 1 per cent to SEK 2,063m (2,038) and by 49 per cent compared to the first quarter 2016. Compared with the fourth quarter there was an increase due to short-term liquidity management and the market value of the bond

*Items affecting comparability:

1. In the first quarter 2016, SEB implemented a new customer-oriented organisation. The reorganisation resulted in an impairment of goodwill in the amount of SEK 5,334m accounted for as operating expense. This expense was not tax deductible.

2. In the first quarter 2016, financial effects from restructuring activities in the Baltic and German businesses and a write-down (derecognition) of intangible IT assets no longer in use were booked. In total, these items affected operating expenses by SEK 615m and there was a positive tax effect amounting to SEK 101m.

In the first quarter 2017, the items affecting comparability are only impacting the return on equity measurement, as they are part of the opening balance of equity. The table compares the operating profit for the first quarter 2017 with 2016 excluding the items affecting comparability:

	Jan-Mar		Change
SEK m	2017	2016	%
Total operating income	11 204	10 222	10
Total operating expenses	-5 436	-5 416	0
Profit before credit losses	5 767	4 806	20
Net credit losses etc	-239	-313	-24
Operating profit	5 529	4 493	23

In the second quarter 2016, one additional item that affected comparability was reported. It affects the comparison of return on equity.

portfolio held for liquidity purposes increased. The fair value credit adjustment¹⁾ amounted to SEK -61m for the first quarter, a change of SEK -284m since year-end (223). The net financial income relating to the traditional life insurance operations in Sweden and Denmark decreased by SEK 171m to SEK 378m (549).

Net other income decreased by 9 per cent to SEK 157m (173) and decreased by 48 per cent compared to the first quarter 2016. Realised capital gains and unrealised valuation and hedge accounting effects were included in this line item.

Operating expenses

Total operating expenses decreased by 5 per cent to SEK 5,436m (5,709). The decrease of 52 per cent compared to the first quarter 2016 is explained by items affecting comparability (see box on page 4).

Expenses in the fourth quarter 2016 were affected by costs relating to the on-going transformation of the bank as well as seasonal effects.

Credit losses and provisions

Net credit losses decreased by 28 per cent to SEK 204m (284) and decreased by 30 per cent compared to the first quarter 2016. The credit loss level was 5 basis points (8). There were credit recoveries in the Baltic Division in the first quarter 2017 in the amount of SEK 19m.

Income tax expense

Total income tax expense decreased by 6 per cent to SEK 1,239m (1,314). The effective tax rate for the first quarter was 22.4 per cent (23.6).

In 2017, new legislation was introduced in Sweden, which restricts the tax deductibility of interest expense on subordinated debt that qualifies as tier 1 or tier 2 capital. This increased income tax expenses by SEK 85m. The total estimated effect in 2017 is an increase of SEK 360m and SEK 300m in 2018 and each year onwards, all else equal.

In addition, a dividend from the subsidiary in Estonia in the first quarter 2017 was taxed at the time of payout to the parent. The tax amounted to SEK 72m.

Return on equity

Return on equity for the first quarter was 12.2 per cent (12.3). Excluding items affecting comparability, the *return on equity* was 11.7 per cent (11.8).

Other comprehensive income

The *other comprehensive income* amounted to SEK 1,212m (1,225).

The value of the pension plan assets exceeded the defined benefit obligations. The discount rate for the pension obligation in Sweden was unchanged at 2.4 per cent (2.4) while in Germany the discount rate was changed to 1.8 per cent (1.7). The total defined benefit obligation was virtually unchanged and the market value of the pension assets increased. The net change related to the defined benefit plans was therefore SEK 1,530m (1,883).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. the total of cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was negative in the amount of SEK -318m (-658).

¹⁾ Valuation of counterparty risk (CVA) and own credit risk in derivatives (DVA) as well as own credit risk for issued bonds at fair value through profit and loss (OCA).

Business volumes

Total assets at the end of the period were SEK 2,927bn, an increase by SEK 306bn since year-end (2,621).

	Mar	Dec	Mar
SEK bn	2017	2016	2016
General governments	27	28	36
Households	554	549	530
Corporations	796	786	711
Repos	109	63	93
Debt securities	14	15	18
Other	17	12	14
Loans to the public	1517	1453	1402

Loans to the public amounted to SEK 1,517bn, an increase of SEK 64bn since year-end. Excluding repos, the main changes were increases in mortgage lending and financing to housing co-operative associations in Sweden as well as growth in both private and corporate lending in the Baltic region.

SEB's total credit portfolio (in which both on- and off-balance sheet volumes are included) amounted to SEK 2,167bn (2,143). During the quarter total household loans and commitments increased by SEK 9bn. The combined corporate and real estate management loans and commitments increased by SEK 1bn with some growth in residential real estate and housing co-operative financing.

	Mar	Dec	Mar
SEK bn	2017	2016	2016
General governments	72	35	38
Households	274	277	261
Corporates	719	605	599
Repos	12	1	21
Other	43	44	49
Deposits and borrowings from the public	1120	962	968

Deposits from the public amounted to SEK 1,120bn. In the corporate segment, deposits from financial corporations increased by SEK 102bn while deposits from non-financial corporations increased by SEK 11bn during the quarter. Household deposits decreased by SEK 3bn.

Total assets under management amounted to SEK 1,800bn (1,749¹⁾). The net inflow of assets during the year was SEK 6bn and the total market value increased by SEK 45bn.

Assets under custody increased partly reflecting the increasing stock market values during the quarter and amounted to SEK 7,463bn (6,859).

Market risk

SEB's business model is driven by customer demand. Value-at-Risk (VaR) in the trading operations averaged SEK 93m in the first quarter 2017 (113m first quarter 2016) and the full year 2016 average was SEK 112m. On average, the Group does not expect to lose more

¹⁾ Refer to page 7 for information on adjusted reporting of assets under management.

than this amount during a period of ten trading days, with 99 per cent probability. VaR was relatively stable during the first quarter.

Liquidity and long-term funding

Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 37bn from year-end 2016.

SEK 5bn of long-term funding matured during the first quarter of 2017 (of which SEK 1bn covered bonds and SEK 4bn senior debt). New issues in the quarter amounted to SEK 38bn (of which SEK 16bn constituted covered bonds, SEK 17bn senior debt and SEK 5bn additional tier 1 subordinated debt). In the advantageous interest rate environment the Bank took the opportunity to pre-finance senior and subordinated debt which will mature during the year. SEB's inaugural own green bond in the amount of EUR 500m was part of the funding raised.

The core liquidity reserve at the end of the quarter amounted to SEK 570bn (427).

The Liquidity Coverage Ratio (LCR), according to the rules adapted for Sweden by the Swedish Financial Supervisory Authority (SFS), must be at least 100 per cent in total and in EUR and USD, respectively. At the end of the period, the LCR was 133 per cent (168). The USD and EUR LCRs were 235 and 214 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 112 per cent (114). The leverage ratio was 4.7 per cent (5.1).

Rating

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

Fitch rates SEB's long-term senior unsecured debt at AA- with a stable outlook. The outlook is based on SEB's long-term strategy, earnings stability and diversification.

S&P rates SEB's long-term senior unsecured debt at A+ with a stable outlook. The outlook is based on the bank's strong capital and earnings development which may off-set the effect of heightened economic risks in Sweden as perceived by S&P.

Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 18.9 per cent. SEB's estimate of the full pillar 1 and 2 CET1 capital requirements – where the pillar 2 requirements were calculated according to the methods set by the SFS – was 17.0 per cent at the end of the first quarter 2017. The SFS increased the countercyclical buffer requirement by 0.5 percentage points to 2.0 per cent in the quarter. The Bank aims to

have a buffer of around 150 basis points above the capital requirement.

SEB's application to use a revised internal model for corporate exposure risk-weights is under consideration by the SFSA. If approved, the risk exposure amount (REA) is expected to increase, however the temporary pillar 2 capital buffer requirement of 0.4 per cent will be discontinued.

The following table shows the REA and capital ratios according to Basel III:

	Mar	Dec	Mar
Own funds requirement, Basel III	2017	2016	2016
Risk exposure amount, SEK bn	610	610	563
Common Equity Tier 1 capital ratio, %	18.9	18.8	19.1
Tier 1 capital ratio, %	22.2	21.2	21.5
Total capital ratio, %	25.9	24.8	23.9
Leverage ratio, %	4.7	5.1	4.6

Total REA was unchanged from year-end 2016. Credit volumes increased somewhat from year-end contributing to higher REA which was, however, partly offset by improved asset quality and foreign exchange movements.

With unchanged REA, the improved CET 1 capital ratio was primarily due to the increase in equity. Net profit for the first quarter 2017, net of a deduction for the future dividend in line with the 2016 payout ratio, contributed positively. The tier 1 and total capital ratios improved with the additional tier 1 capital raised during the quarter.

Long-term financial targets

SEB's long-term financial targets are:

- to pay a yearly dividend that is 40 per cent or above of the earnings per share,
- to maintain a Common Equity Tier 1 capital ratio of around 150 bps above the current requirement from the SFSA, and
- to generate a return on equity that is competitive with peers.

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

Adjusted reporting

Rounding

In line with market practice and starting from the first quarter 2017, numbers in the tables of this report will not be adjusted for the purpose of making totals agree. The change is done for practical reasons and has no material impact. Historical information has not been restated.

Assets under management

The definition of assets under management has been refined to better define and reflect all asset classes. The adjustment includes an exclusion of certain deposits that previously were included when the intention was to enact appropriate investment options in the near future. Further, certain other assets that previously were not defined as assets under management have been included in the definition. The net effect in the first quarter 2017 was a decrease of SEK 32bn. For comparison purposes, the previous eight quarters have been recalculated pro forma.

Business equity

The allocation of capital to the divisions, so-called Business Equity, is reviewed and updated in connection with the business planning process. Adjustments are made to reflect risk profile changes, regulatory updates, etc. The new requirement to include a charge for the maturity adjustment factor in the risk exposure amount for instance has been reflected in the business equity of the Large Corporates & Financial Institutions and Corporate & Private Customers divisions.

Changes in regulatory requirements

During the quarter, the proposal to introduce a new tax based on salary expense in the financial sector in Sweden was rescinded.

The Swedish government is now proposing an increase of the resolution fund fee from 9 to 12.5 basis points. Unlike resolution funds in other EU countries, no cap on the total amount is planned. Swedish banks have through the Swedish Bankers' Association objected to the proposal due to the high fee level, the lack of a cap on the resolution fund amount and because the

government is planning to use the fees as a funding source, similar to a tax. If the proposal is adopted, Swedish banks will be operating under unfair competition compared to other European banks.

Within SEB an IFRS Programme has been set up for implementation of the new accounting standards, which is described in the Annual Report 2016. IFRS 9 introduces, among other things, a new impairment model based on expected loss instead of the incurred loss model applicable today. SEB's assessment is that the expected loss model is likely to increase loan loss provisions and decrease equity at transition and that volatility in the credit loss line item in the income statement will increase with the new rules. The European Commission has proposed that incremental provisions under IFRS 9 should be phased in to the capital base over a five year period. During the first quarter tentative decisions were taken regarding IFRS 9. For classification of financial liabilities IFRS 9 allows the possibility to early adopt the presentation of changes in fair value as a result of changes in own credit risk for financial liabilities designated to fair value through profit or loss in Other comprehensive income instead of Profit or loss. SEB does not intend to adopt this possibility early. When it comes to hedge accounting, IFRS 9 allows for an accounting policy choice and SEB plans to continue to apply the hedge accounting requirements in IAS 39.

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 2016 (see page 40-45 and notes 17, 19 and 20) and in the Capital Adequacy and Risk Management report for 2016. Further information is presented in the Fact Book on a quarterly basis.

The macroeconomic development remains uncertain even though the outlook for the world economy is somewhat more positive. Deflation risks are less prominent. However, large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks world-wide may create direct and indirect effects that are difficult to assess. There are signs that the Swedish central bank may not further cut interest rates and may even introduce a raise in late 2017. Geopolitical uncertainty has increased. The unexpected outcome of the British EU-referendum, Brexit, and the process forward for a Brexit have added to the uncertainty, as well as the on-going election in France and upcoming elections in the United Kingdom and in Germany.

Visa transaction

In 2015, Visa Inc. announced its planned acquisition of Visa Europe (a membership-owned organisation) with the purpose of creating a single global Visa company. The transaction was approved by the European Commission on 3 June 2016. It consists of a combination of consideration in cash and shares. SEB is a member of Visa Europe through several direct and indirect memberships.

The closing of the transaction of SEB's Visa memberships in the Baltic countries resulted in a realisation of the fair value recognised in other comprehensive income in the first quarter 2016 as an item affecting comparability, a gain of SEK 520m recognised in net other income in the second quarter 2016.

In Sweden, where SEB is an indirect member via Visa Sweden, the holdings are classified as available-for-sale financial assets. The fair value changes are booked in *other comprehensive income*. Once the distribution between the Swedish indirect members is finalised it will be reclassified to *net other income*.

Stockholm, 27 April 2017

The President declares that the Interim Report for the period 1 January 2017 to 31 March 2017 provides 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.

Johan Torgeby
President and Chief Executive Officer

Press conference and webcasts

The press conference at 10 am CET on 27 April 2017, at Kungsträdgårdsgatan 8 with the President and CEO Johan Torgeby can be followed live in Swedish on www.sebgroup.com/sv/ir. A simultaneous translation into English will be available on www.sebgroup.com/ir. A replay will be available afterwards.

Access to telephone conference

The telephone conference at 1.30pm CET 27 April 2017 with the President and CEO, Johan Torgeby, the CFO, Jan Erik Back, and the Head of Investor Relations, Jonas Söderberg, can be accessed by telephone, +44(0)20 7162 0077. Please quote conference id: 961498 and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

Further information is available from:

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

Financial information calendar 2017

14 July	Interim Report January-June
25 October	Interim Report January-September

The silent period starts 7 July
The silent period starts 9 October

Accounting policies

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

Credit Institutions and Securities Companies and the *Supplementary Accounting Rules for Legal Entities (RFR 2)* issued by the Swedish Financial Reporting Board.

As of 1 January 2017 there are clarifications of several IFRS standards. *IAS 12 Income Taxes* has been amended regarding recognition of deferred tax assets for unrealised losses. *IAS 7 Statements of Cash Flows* has been amended and *IFRS 12 Disclosure of Interests in Other Entities* has been clarified. These amendments were applicable as of 1 January 2017, but have not yet been endorsed by the EU. The changes will not have a material effect on the financial statements of the Group or on capital adequacy and large exposures. In all other material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2016 Annual Report.

Review report

We have reviewed this interim report for the period 1 January 2017 to 31 March 2017 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 27 April 2017

PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in charge

Martin By
Authorised Public Accountant

The SEB Group

Income statement – SEB Group

SEK m	Q1			Q4			Jan–Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net interest income	4 716	4 798	-2	4 716	4 636	2	4 716	4 636	2	18 738
Net fee and commission income	4 268	4 609	-7	4 268	3 897	10	4 268	3 897	10	16 628
Net financial income	2 063	2 038	1	2 063	1 385	49	2 063	1 385	49	7 056
Net other income	157	173	-9	157	304	-48	157	304	-48	1 349
Total operating income	11 204	11 618	-4	11 204	10 222	10	11 204	10 222	10	43 771
Staff costs	-3 590	-3 774	-5	-3 590	-3 751	-4	-3 590	-3 751	-4	-14 562
Other expenses	-1 657	-1 727	-4	-1 657	-1 704	-3	-1 657	-1 704	-3	-6 703
Depreciation, amortisation and impairment of tangible and intangible assets ¹⁾	-189	-208	-9	-189	-5 910	-97	-189	-5 910	-97	-6 496
Total operating expenses	-5 436	-5 709	-5	-5 436	-11 365	-52	-5 436	-11 365	-52	-27 761
Profit before credit losses	5 767	5 909	-2	5 767	-1 143		5 767	-1 143		16 010
Gains less losses from tangible and intangible assets	-34	-67	-49	-34	-22	56	-34	-22	56	-150
Net credit losses	-204	-284	-28	-204	-291	-30	-204	-291	-30	-993
Operating profit	5 529	5 558	-1	5 529	-1 456		5 529	-1 456		14 867
Income tax expense	-1 239	-1 314	-6	-1 239	-838	48	-1 239	-838	48	-4 249
Net profit	4 290	4 244	1	4 290	-2 294		4 290	-2 294		10 618

1) First quarter 2016: SEB implemented a new customer-oriented organisation. The reorganisation resulted in a new structure of cash generating units and an impairment of goodwill in the amount of SEK 5,334m.

Attributable to shareholders	4 290	4 244	1	4 290	-2 294		4 290	-2 294		10 618
Basic earnings per share, SEK	1.98	1.96		1.98	-1.05		1.98	-1.05		4.88
Diluted earnings per share, SEK	1.97	1.95		1.97	-1.04		1.97	-1.04		4.85

Statement of comprehensive income – SEB Group

SEK m	Q1			Q4			Jan–Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net profit	4 290	4 244	1	4 290	-2 294		4 290	-2 294		10 618
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	32	-91		32	498	-94	32	498	-94	990
Cash flow hedges	-351	-473	-26	-351	190		-351	190		-811
Translation of foreign operations	1	-94		1	74	-99	1	74	-99	750
<i>Items that will not be reclassified to the income statement:</i>										
Defined benefit plans	1 530	1 883	-19	1 530	-3 105		1 530	-3 105		-1 875
Other comprehensive income (net of tax)	1 212	1 225	-1	1 212	-2 343	-152	1 212	-2 343	-152	-946
Total comprehensive income	5 502	5 469	1	5 502	-4 637		5 502	-4 637		9 672
Attributable to shareholders	5 502	5 469	1	5 502	-4 637		5 502	-4 637		9 672

Balance sheet – SEB Group

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Cash and cash balances with central banks	319 483	151 078	151 214
Other lending to central banks	5 945	66 730	7 251
Loans to credit institutions ¹⁾	83 621	50 527	81 378
Loans to the public	1 516 611	1 453 019	1 402 360
Financial assets at fair value through profit or loss ²⁾	869 429	785 026	929 749
Fair value changes of hedged items in a portfolio hedge	89	111	151
Available-for-sale financial assets ²⁾	33 440	35 747	37 216
Assets held for sale	486	587	618
Investments in subsidiaries and associates	1 052	1 238	1 119
Tangible and intangible assets	20 142	20 158	20 307
Other assets	76 565	56 425	68 724
Total assets	2 926 862	2 620 646	2 700 087
Deposits from central banks and credit institutions ³⁾	165 657	119 864	171 066
Deposits and borrowing from the public ³⁾	1 119 912	962 028	967 795
Liabilities to policyholders	414 623	403 831	368 106
Debt securities issued	730 910	668 880	674 616
Financial liabilities at fair value through profit or loss	200 875	213 496	266 702
Fair value changes of hedged items in a portfolio hedge	1 429	1 537	1 727
Other liabilities	110 604	67 082	89 521
Provisions	2 011	2 233	2 598
Subordinated liabilities	46 112	40 719	31 719
Total equity	134 727	140 976	126 237
Total liabilities and equity	2 926 862	2 620 646	2 700 087
1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.			
2) Whereof bonds and other interest bearing securities.	349 439	252 421	376 433
3) Deposits covered by deposit guarantees.	272 698	252 815	214 364

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Pledged assets for own liabilities ¹⁾	490 992	478 998	540 635
Pledged assets for liabilities to insurance policyholders	414 623	403 831	368 106
Other pledged assets ²⁾	198 736	154 518	139 003
Pledged assets	1 104 351	1 037 347	1 047 744
Contingent liabilities ³⁾	122 133	120 231	103 151
Commitments	711 016	655 350	627 422
Contingent liabilities and commitments	833 149	775 581	730 573
1) Of which collateralised for covered bonds SEK 357,780m (346,585/357,017).			
2) Of which securities lending SEK 98,774m (61,498/58,828) and pledged but unencumbered bonds SEK 84,000m (80,718/66,012).			
3) Of which credit guarantees SEK 13,721m (14,309/12,563).			

Key figures – SEB Group

	Q1	Q4	Jan–Mar		Full year
	2017	2016	2017	2016	2016
Return on equity, %	12.19	12.28	12.19	-6.58	7.80
Return on equity excluding items affecting comparability ¹⁾ , %	11.74	11.75	11.74	10.09	11.30
Return on total assets, %	0.61	0.60	0.61	-0.33	0.37
Return on risk exposure amount, %	2.82	2.76	2.82	-1.61	1.80
Cost/income ratio	0.49	0.49	0.49	1.11	0.63
Cost/income ratio excluding items affecting comparability ¹⁾	0.49	0.49	0.49	0.53	0.50
Basic earnings per share, SEK	1.98	1.96	1.98	-1.05	4.88
Weighted average number of shares ²⁾ , millions	2 169	2 168	2 169	2 192	2 178
Diluted earnings per share, SEK	1.97	1.95	1.97	-1.04	4.85
Weighted average number of diluted shares ³⁾ , millions	2 179	2 178	2 179	2 202	2 188
Net worth per share, SEK	70.21	73.00	70.21	64.43	73.00
Equity per share, SEK	62.09	65.00	62.09	57.61	65.00
Average shareholders' equity, SEK, billion	140.8	138.2	140.8	139.5	136.2
Credit loss level, %	0.05	0.08	0.05	0.08	0.07
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	133	168	133	132	168
Own funds requirement, Basel III					
Risk exposure amount, SEK m	610 047	609 959	610 047	562 754	609 959
Expressed as own funds requirement, SEK m	48 804	48 797	48 804	45 020	48 797
Common Equity Tier 1 capital ratio, %	18.9	18.8	18.9	19.1	18.8
Tier 1 capital ratio, %	22.2	21.2	22.2	21.5	21.2
Total capital ratio, %	25.9	24.8	25.9	23.9	24.8
Leverage ratio, %	4.7	5.1	4.7	4.6	5.1
Number of full time equivalents ⁵⁾	15 006	15 087	15 003	15 404	15 279
Assets under custody, SEK bn	7 463	6 859	7 463	6 712	6 859
Assets under management ⁶⁾ , SEK bn	1 800	1 749	1 800	1 607	1 749

1) Impairment of goodwill and restructuring effects in Q1 2016. Sale of shares in VISA Europe in the Baltic region in Q2 2016.

2) The number of issued shares was 2,194,171,802. SEB owned 25,177,693 Class A shares for the equity based programmes at year-end 2016. During 2017 SEB has purchased 1,930,000 shares and 2,910,601 shares have been sold. Thus, at 31 March 2017 SEB owned 24,197,092 Class A-shares with a market value of SEK 2,412m.

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

4) According to Swedish FSA regulations for respective period.

5) Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

6) Adjusted definition implemented Q1 2017, comparatives 2016 calculated pro forma.

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
	2017	2016	2016	2016	2016
Net interest income	4 716	4 798	4 657	4 647	4 636
Net fee and commission income	4 268	4 609	4 048	4 074	3 897
Net financial income	2 063	2 038	1 915	1 718	1 385
Net other income	157	173	175	697	304
Total operating income	11 204	11 618	10 795	11 136	10 222
Staff costs	-3 590	-3 774	-3 530	-3 507	-3 751
Other expenses	-1 657	-1 727	-1 624	-1 648	-1 704
Depreciation, amortisation and impairment of tangible and intangible assets ¹⁾	-189	-208	-201	-177	-5 910
Total operating expenses	-5 436	-5 709	-5 355	-5 332	-11 365
Profit before credit losses	5 767	5 909	5 440	5 804	-1 143
Gains less losses from tangible and intangible assets	-34	-67	-14	-47	-22
Net credit losses	-204	-284	-197	-221	-291
Operating profit	5 529	5 558	5 229	5 536	-1 456
Income tax expense	-1 239	-1 314	-1 080	-1 017	-838
Net profit	4 290	4 244	4 149	4 519	-2 294

1) First quarter 2016: SEB implemented a new customer-oriented organisation. The reorganisation resulted in a new structure of cash generating units and an impairment of goodwill in the amount of SEK 5,334m.

Attributable to shareholders	4 290	4 244	4 149	4 519	-2 294
Basic earnings per share, SEK	1.98	1.96	1.91	2.07	-1.05
Diluted earnings per share, SEK	1.97	1.95	1.90	2.06	-1.04

Income statement by division – SEB Group

Jan-Mar 2017, SEK m	Large		Life & Investment			Eliminations	SEB Group
	Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Management	Other ¹⁾		
Net interest income	2 043	2 330	551	-19	-206	15	4 716
Net fee and commission income	1 530	1 393	307	1 043	-3	-1	4 268
Net financial income	957	108	62	364	557	14	2 063
Net other income	32	14	0	14	101	-4	157
Total operating income	4 563	3 845	920	1 403	449	24	11 204
Staff costs	-1 019	-854	-181	-382	-1 164	9	-3 590
Other expenses	-1 245	-926	-246	-220	1 013	-33	-1 657
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-15	-14	-9	-138		-189
Total operating expenses	-2 277	-1 795	-440	-611	-289	-24	-5 436
Profit before credit losses	2 285	2 051	479	792	160	0	5 767
Gains less losses from tangible and intangible assets	1	0	-33	0	-2		-34
Net credit losses	-144	-81	19	0	2		-204
Operating profit	2 142	1 969	465	792	160	0	5 529

1) Other consists of business support units, treasury and staff units.

Large Corporates & Financial Institutions

The 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 international network in some 20 offices.

Income statement

SEK m	Q1			Q4			Jan – Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net interest income	2 043	2 202	-7	2 043	2 081	-2	2 043	2 081	-2	8 307
Net fee and commission income	1 530	1 690	-9	1 530	1 384	11	1 530	1 384	11	6 095
Net financial income	957	1 219	-21	957	897	7	957	897	7	4 187
Net other income	32	137	-77	32	175	-82	32	175	-82	389
Total operating income	4 563	5 248	-13	4 563	4 537	1	4 563	4 537	1	18 978
Staff costs	-1 019	-1 032	-1	-1 019	-1 087	-6	-1 019	-1 087	-6	-4 062
Other expenses	-1 245	-1 208	3	-1 245	-1 355	-8	-1 245	-1 355	-8	-5 080
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-11	18	-13	-114	-89	-13	-114	-89	-140
Total operating expenses	-2 277	-2 251	1	-2 277	-2 556	-11	-2 277	-2 556	-11	-9 282
Profit before credit losses	2 285	2 997	-24	2 285	1 981	15	2 285	1 981	15	9 696
Gains less losses from tangible and intangible assets	1	-1		1			1			
Net credit losses	-144	-200	-28	-144	-122	18	-144	-122	18	-563
Operating profit	2 142	2 796	-23	2 142	1 859	15	2 142	1 859	15	9 133
Cost/Income ratio	0.50	0.43		0.50	0.56		0.50	0.56		0.49
Business equity, SEK bn	66.1	64.9		66.1	61.6		66.1	61.6		62.4
Return on business equity, %	9.7	13.3		9.7	9.3		9.7	9.3		11.3
Number of full time equivalents ¹⁾	2 066	2 063		2 066	2 208		2 066	2 208		2 134

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

- Higher customer activity supported by improved market sentiment
- Increased demand for regulatory-driven services
- Operating profit amounted to SEK 2,142m and return on business equity was 9.7 per cent

Comments on the first quarter

The geopolitical uncertainty remained while market sentiment improved. This resulted in higher customer activity and customers showed a continued strong focus on sustainability related capital market products.

Financial Institutions clients focused on implementing new mandatory rules on collateralisation of counterparty derivative exposures. As a result, demand for advice and services related to collateral management increased. Despite the prospect of future higher interest rates, clients continued to search for higher yielding investments. Assets under custody amounted to SEK 7,463bn (6,859).

Within the *Large Corporate* segment there was low demand for traditional bank financing except within the private equity and real estate segments. However, activity within the capital markets area was high with many customers taking advantage of the attractive interest rates prior to expected rate hikes and steepening yield curves. In the Nordic countries and Germany, an optimistic business climate led to higher

activity, and in Denmark several merger and acquisition deals were closed.

SEB upgraded its cash management functionality providing customers with an enhanced view of their global liquidity. Accessibility has been improved allowing customers to monitor and transact on their accounts also in mobile devices.

Operating income was in line with last year at SEK 4,563m. The customer-driven interest income improved primarily reflecting increased lending volumes as well as measures to adapt to the negative interest environment. However, net interest income was negatively affected by the increased resolution fund fee. Net fee and commission income increased, primarily driven by the capital market and advisory activities. Operating expenses were stable excluding the items that affected comparability last year. The credit portfolio was stable. Net credit losses amounted to SEK 144m, equivalent to a credit loss level of 9 basis points.

Corporate & Private Customers

The division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries. High net-worth individuals are offered leading Nordic private banking services.

Income statement

SEK m	Q1			Q4			Jan – Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net interest income	2 330	2 331	0	2 330	2 188	6	2 330	2 188	6	8 982
Net fee and commission income	1 393	1 425	-2	1 393	1 275	9	1 393	1 275	9	5 414
Net financial income	108	111	-3	108	90	20	108	90	20	394
Net other income	14	19	-26	14	6	133	14	6	133	55
Total operating income	3 845	3 886	-1	3 845	3 559	8	3 845	3 559	8	14 845
Staff costs	- 854	- 850	0	- 854	- 844	1	- 854	- 844	1	-3 339
Other expenses	- 926	-1 009	-8	- 926	- 888	4	- 926	- 888	4	-3 713
Depreciation, amortisation and impairment of tangible and intangible assets	- 15	- 18	-17	- 15	- 16	-6	- 15	- 16	-6	- 69
Total operating expenses	-1 795	-1 877	-4	-1 795	-1 748	3	-1 795	-1 748	3	-7 121
Profit before credit losses	2 051	2 009	2	2 051	1 811	13	2 051	1 811	13	7 724
Gains less losses from tangible and intangible assets										
Net credit losses	- 81	- 63	29	- 81	- 119	-32	- 81	- 119	-32	- 376
Operating profit	1 969	1 946	1	1 969	1 692	16	1 969	1 692	16	7 348
Cost/Income ratio	0.47	0.48		0.47	0.49		0.47	0.49		0.48
Business equity, SEK bn	40.4	38.7		40.4	36.1		40.4	36.1		37.3
Return on business equity, %	14.6	15.5		14.6	14.4		14.6	14.4		15.2
Number of full time equivalents ¹⁾	3 510	3 551		3 510	3 730		3 510	3 730		3 667

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

- Continued growth in both the private and corporate segments
- Digital initiatives launched to enhance the customer offer
- Operating profit amounted to SEK 1,969m and return on business equity was 14.6 per cent

Comments on the first quarter

Although the broader market outlook remains uncertain and the geopolitical backdrop is fragile, a slightly more positive sentiment characterised the first quarter as reflected in customer activity and growing demand for savings products.

In the *private customer* segment, positive net savings inflows, mainly driven by Private Banking, contributed to the growth in assets under management and household mortgage volumes increased by SEK 4bn in the quarter to SEK 437bn (433). Customers' rapid pace towards digitalisation continued, with mobile interactions reaching another all-time high at 17 and 1 million in average per month for the private and corporate customer segment, respectively. The private customer offering continued to be enhanced through the launch of an all-digital customer onboarding process as well as digital card payments through its collaboration with Samsung Pay. In addition, the mobile banking app was upgraded with financial management functionality.

Within the *corporate* segment, the number of full-service customers continued to increase and reached 170,000 (168,000 at year-end), representing a market share of 15 per cent. Corporate lending increased to SEK 227bn (224), partly driven by financing of residential properties. Greenhouse, a new packaged offering aiming to support corporate customers with growth ambitions was launched. Total deposit volumes from private and corporate customers amounted to SEK 368bn (372).

Year-on-year, operating profit increased to SEK 1,969m, mainly driven by continued growth in net interest income which amounted to SEK 2,330m and net fee and commission income which reached SEK 1,393m. Operating expenses remained stable at SEK 1,795m and credit losses decreased to SEK 81m, corresponding to a credit loss level of 5 basis points.

Baltic

The 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.

Income statement (excl. RHC)

SEK m	Q1			Q4			Jan – Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net interest income	552	588	-6	552	509	8	552	509	8	2150
Net fee and commission income	307	325	-6	307	264	16	307	264	16	1171
Net financial income	62	38	63	62	54	15	62	54	15	218
Net other income	3	-5		3	1	200	3	1	200	-1
Total operating income	924	946	-2	924	828	12	924	828	12	3538
Staff costs	-177	-197	-10	-177	-178	-1	-177	-178	-1	-734
Other expenses	-245	-231	6	-245	-317	-23	-245	-317	-23	-1016
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-23	-43	-13	-13	0	-13	-13	0	-62
Total operating expenses	-435	-451	-4	-435	-508	-14	-435	-508	-14	-1812
Profit before credit losses	489	495	-1	489	320	53	489	320	53	1726
Gains less losses from tangible and intangible assets	1	1	0	1	2	-50	1	2	-50	9
Net credit losses	19	-22		19	-49		19	-49		-57
Operating profit	508	474	7	508	273	86	508	273	86	1678
Cost/Income ratio	0.47	0.48		0.47	0.61		0.47	0.61		0.51
Business equity, SEK bn	7.6	7.7		7.6	7.6		7.6	7.6		7.6
Return on business equity, %	23.4	21.6		23.4	12.7		23.4	12.7		19.3
Number of full time equivalents ¹⁾	2408	2456		2405	2575		2405	2575		2534

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

Baltic Division (incl. RHC)

Operating profit	465	386	20	465	233	100	465	233	100	1451
Cost/Income ratio	0.48	0.49		0.48	0.63		0.48	0.63		0.53
Business equity, SEK bn	7.8	7.9		7.8	7.9		7.8	7.9		7.9
Return on business equity, %	21.0	17.1		21.0	10.4		21.0	10.4		16.2
Number of full time equivalents ¹⁾	2433	2484		2431	2607		2431	2607		2565

- Continued improvement in business environment
- Successful launch of a new core banking system in Latvia
- Operating profit amounted to SEK 508m and return on business equity was 23.4 per cent

Comments on the first quarter

GDP growth continued to be supported by higher investments and private consumption. The rise in exports in the fourth quarter 2016 continued into 2017. Also, inflation increased driven mainly by higher wages and commodity prices.

A new improved mobile app was launched in Lithuania and Estonia and was well received. Smart ID, a mobile app for digital signing, was launched in cooperation with Swedbank in all Baltic countries and is quickly improving financial infrastructure in the region. There were more than 100,000 users by the end of the quarter. In Estonia, a remote video-based functionality was introduced to enable companies to open accounts without visiting a branch office. In Latvia, the new core banking system enabled improved customers functionality and interfaces. The

number of home banking customers in the division was 1,007,000 (1,003,000).

Loan volumes amounted to SEK 119bn (118) and both household and corporate lending increased. Deposits decreased to SEK 105bn (106). Despite the very low deposit margins in the Baltic countries, net interest income increased by 8 per cent year-on-year due to increased volumes and higher margins on new lending. Net fee and commission income was 16 per cent higher year-on-year as a result of increased customer activity in all countries. With strong asset quality and given an expense item that affected comparability in 2016, operating profit was 86 per cent higher and return on business equity was 23.4 per cent.

The real estate holding companies (RHC) held assets with a total book value of SEK 726m (837).

Life & Investment Management

The division offers life insurance and asset management solutions to private as well as corporate and institutional clients mainly in the Nordic and Baltic countries.

Income statement

SEK m	Q1			Q4			Jan – Mar			Full year
	2017	2016	%	2017	2016	%	2017	2016	%	2016
Net interest income	- 19	- 17	12	- 19	- 14	36	- 19	- 14	36	- 60
Net fee and commission income	1 043	1 229	-15	1 043	917	14	1 043	917	14	4 059
Net financial income	364	484	-25	364	367	-1	364	367	-1	1 764
Net other income	14	- 82		14	18	-22	14	18	-22	- 17
Total operating income	1 403	1 614	-13	1 403	1 288	9	1 403	1 288	9	5 746
Staff costs	- 382	- 415	-8	- 382	- 374	2	- 382	- 374	2	-1 560
Other expenses	- 220	- 243	-9	- 220	- 232	-5	- 220	- 232	-5	- 984
Depreciation, amortisation and impairment of tangible and intangible assets	- 9	- 10	-10	- 9	- 13	-31	- 9	- 13	-31	- 45
Total operating expenses	- 611	- 668	-9	- 611	- 619	-1	- 611	- 619	-1	-2 589
Profit before credit losses	792	946	-16	792	669	18	792	669	18	3 157
Gains less losses from tangible and intangible assets										
Net credit losses										
Operating profit	792	946	-16	792	669	18	792	669	18	3 157
Cost/Income ratio	0.44	0.41		0.44	0.48		0.44	0.48		0.45
Business equity, SEK bn	11.0	11.7		11.0	11.5		11.0	11.5		11.6
Return on business equity, %	24.7	27.9		24.7	20.1		24.7	20.1		23.5
Number of full time equivalents ¹⁾	1 490	1 491		1 479	1 464		1 479	1 464		1 468

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

- Life premium income increased by 20 per cent
- Further digital enhancement of customer offerings
- Operating profit amounted to SEK 792m and return on business equity was 24.7 percent.

Comments on the first quarter

The improvement of customer digital solutions continued. In Sweden, the insurance planner, Trygghetsplaneraren, was further developed enabling more clients to carry out fully digitalised advisory meetings. Clients in Denmark benefited from the highest average return in the industry from traditional life insurance over the last three years.

The integration of sustainability criteria in the investment process continued. SEB's microfinance funds continued to grow with strong interest from institutional clients. In general, demand for funds with a clear sustainability focus grew across all geographic markets. Fondmarknaden.se, a Swedish marketplace for fund distribution, awarded SEB Hållbarhetsfond Global (Sustainability Fund) as Best Ethical Fund.

Compared to the first quarter 2016, net fee and commission income increased by 14 per cent. This

was due to a combination of higher market values and net new assets under management. Expenses decreased by 1 percent and operating profit improved by 18 per cent. Compared to the unusually strong fourth quarter 2016, operating profit decreased by 16 per cent. The decrease in income was due both to high seasonal performance fees as well as high income from risk products in the fourth quarter.

In the unit-linked business, total assets increased by SEK 40bn during the last 12 months, to SEK 330bn.

Total premium income from combined new and existing life insurance policies increased by 20 per cent compared to the first quarter 2016 to SEK 12bn. Weighted sales of life insurance products increased by 17 per cent compared to last year to SEK 15bn.

The SEB Group

Net interest income – SEB Group

SEK m	Q1		Q4	Jan–Mar			Full year
	2017	2016	%	2017	2016	%	2016
Interest income	8 918	8 860	1	8 918	8 889	0	35 202
Interest expense	-4 203	-4 062	3	-4 203	-4 253	-1	-16 464
Net interest income	4 716	4 798	-2	4 716	4 636	2	18 738

Net fee and commission income – SEB Group

SEK m	Q1		Q4	Jan–Mar			Full year
	2017	2016	%	2017	2016	%	2016
Issue of securities and advisory	282	231	22	282	150	88	800
Secondary market and derivatives	692	842	-18	692	754	-8	3 353
Custody and mutual funds	1 825	1 950	-6	1 825	1 744	5	7 264
<i>Whereof performance and transaction fees</i>	38	212	-82	38	22	73	275
Payments, cards, lending, deposits, guarantees and other	2 353	2 586	-9	2 353	2 252	4	9 430
<i>Whereof payments and card fees</i>	1 288	1 356	-5	1 288	1 247	3	5 203
<i>Whereof lending</i>	553	723	-24	553	575	-4	2 527
Life insurance commissions	422	438	-4	422	402	5	1 653
Fee and commission income	5 574	6 047	-8	5 574	5 302	5	22 500
Fee and commission expense	-1 306	-1 438	-9	-1 306	-1 405	-7	-5 872
Net fee and commission income	4 268	4 609	-7	4 268	3 897	10	16 628
<i>Whereof Net securities commissions</i>	2 094	2 308	-9	2 094	1 989	5	8 378
<i>Whereof Net payments and card fees</i>	821	847	-3	821	756	9	3 263
<i>Whereof Net life insurance commissions</i>	267	276	-3	267	245	9	1 039

Net financial income – SEB Group

SEK m	Q1		Q4	Jan–Mar			Full year
	2017	2016	%	2017	2016	%	2016
Equity instruments and related derivatives	649	456	42	649	-228		1 173
Debt securities and related derivatives	-350	-68		-350	360		228
Currency and related derivatives	1 367	1 114	23	1 367	797	72	3 699
Other life insurance income, net	378	549	-31	378	369	2	1 919
Other	18	-13		18	87	-79	37
Net financial income	2 063	2 038	1	2 063	1 385	49	7 056
<i>Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.</i>	-61	223		-61	-153		-219

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

For the first quarter the effect from structured products offered to the public was approximately SEK 575m (Q4 2016: 535, Q1 2016: -565) in Equity related derivatives and a corresponding effect in Debt related derivatives SEK -450m (Q4 2016: -355, Q1 2016: 560).

Net credit losses – SEB Group

SEK m	Q1		Q4		Jan–Mar			Full year
	2017	2016		%	2017	2016	%	2016
<i>Provisions:</i>								
Net collective provisions for individually assessed loans	- 133	45			- 133	113		- 218
Net collective provisions for portfolio assessed loans	- 31	108			- 31	31		260
Specific provisions	- 355	- 169	110		- 355	- 443	-20	- 734
Reversal of specific provisions no longer required	404	74			404	125		338
Net provisions for contingent liabilities	- 1	2			- 1	- 18	-95	43
Net provisions	- 116	60			- 116	- 192	-40	- 311
<i>Write-offs:</i>								
Total write-offs	- 168	- 602	-72		- 168	- 246	-32	-1 480
Reversal of specific provisions utilized for write-offs	18	206	-91		18	100	-82	584
Write-offs not previously provided for	- 149	- 396	-62		- 149	- 146	2	- 896
Recovered from previous write-offs	61	52	18		61	47	30	214
Net write-offs	- 88	- 344	-74		- 88	- 99	-11	- 682
Net credit losses	- 204	- 284	-28		- 204	- 291	-30	- 993

Statement of changes in equity – SEB Group

SEK m	Other reserves ¹⁾								Total Equity
	Share capital	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Retained earnings	Total Shareholders' equity	Minority interests	
Jan-Mar 2017									
Opening balance	21 942	1 638	2 399	-1 193	2 595	113 595	140 976		140 976
Net profit						4 290	4 290		4 290
Other comprehensive income (net of tax)		32	-351	1	1 530		1 212		1 212
Total comprehensive income		32	-351	1	1 530	4 290	5 502		5 502
Dividend to shareholders						-11 935	-11 935		-11 935
Equity-based programmes ³⁾						92	92		92
Change in holdings of own shares						93	93		93
Closing balance	21 942	1 670	2 048	-1 192	4 125	106 134	134 727		134 727
Jan-Dec 2016									
Opening balance	21 942	648	3 210	-1 943	4 470	114 471	142 798		142 798
Change in valuation of insurance contracts ²⁾						-440	-440		-440
Adjusted opening balance	21 942	648	3 210	-1 943	4 470	114 031	142 358		142 358
Net profit						10 618	10 618		10 618
Other comprehensive income (net of tax)		990	-811	750	-1 875		-946		-946
Total comprehensive income		990	-811	750	-1 875	10 618	9 672		9 672
Dividend to shareholders						-11 504	-11 504		-11 504
Equity-based programmes ³⁾						433	433		433
Change in holdings of own shares						17	17		17
Closing balance	21 942	1 638	2 399	-1 193	2 595	113 595	140 976		140 976
Jan-Mar 2016									
Opening balance	21 942	648	3 210	-1 943	4 470	114 471	142 798		142 798
Change in valuation of insurance contracts ²⁾						-440	-440		-440
Adjusted opening balance	21 942	648	3 210	-1 943	4 470	114 031	142 358		142 358
Net profit						-2 294	-2 294		-2 294
Other comprehensive income (net of tax)		498	190	74	-3 105		-2 343		-2 343
Total comprehensive income		498	190	74	-3 105	-2 294	-4 637		-4 637
Dividend to shareholders						-11 504	-11 504		-11 504
Equity-based programmes ³⁾						-133	-133		-133
Change in holdings of own shares						153	153		153
Closing balance	21 942	1 146	3 400	-1 869	1 365	100 253	126 237		126 237

1) 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.

2) The valuation methodology of insurance contracts in Denmark has migrated towards the Solvency II principles and the effect on Group as of 1st of January 2016 is SEK -440m.

3) Number of shares owned by SEB:

	Jan-Mar 2017	Jan-Dec 2016	Jan-Mar 2016
Number of shares owned by SEB, million	2017	2016	2016
Opening balance	25.2	0.9	0.9
Repurchased shares for equity-based programmes	1.9	29.8	2.9
Sold/distributed shares	-2.9	-5.5	-0.8
Closing balance	24.2	25.2	3.0
Market value of shares owned by SEB, SEK m	2 412	2 406	233

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. 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.

Cash flow statement – SEB Group

SEK m	Jan–Mar			Full year
	2017	2016	%	2016
Cash flow from operating activities	178 501	65 982	171	42 591
Cash flow from investment activities	12	297	- 96	852
Cash flow from financing activities	- 6 929	- 11 491	- 40	- 2 198
Net increase in cash and cash equivalents	171 584	54 788		41 245
Cash and cash equivalents at the beginning of year	158 315	110 770	43	110 770
Exchange rate differences on cash and cash equivalents	- 801	- 1 453	- 45	6 300
Net increase in cash and cash equivalents	171 584	54 788		41 245
Cash and cash equivalents at the end of period¹⁾	329 098	164 105	101	158 315

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

Financial assets and liabilities – SEB Group

SEK m	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 909 527	1 920 329	1 704 291	1 715 801	1 620 404	1 617 210
Equity instruments	85 773	85 773	74 173	74 173	94 041	94 041
Debt securities	351 305	351 495	253 443	253 653	377 450	377 613
Derivative instruments	174 762	174 762	212 355	212 355	247 896	247 896
Financial assets–policyholders bearing the risk	304 996	304 996	295 908	295 908	267 333	267 333
Other	54 396	54 396	38 942	38 942	49 036	49 036
Financial assets	2 880 759	2 891 751	2 579 112	2 590 832	2 656 160	2 653 129
Deposits	1 249 085	1 255 287	1 045 056	1 046 864	1 095 447	1 087 013
Equity instruments	14 133	14 133	10 071	10 071	14 663	14 663
Debt securities issued	842 615	850 792	755 984	768 613	767 492	779 537
Derivative instruments	138 886	138 886	174 651	174 651	217 855	217 855
Liabilities to policyholders–investment contracts	306 307	306 307	296 618	296 618	268 621	268 621
Other	83 675	83 675	60 297	60 297	75 417	75 418
Financial liabilities	2 634 701	2 649 080	2 342 677	2 357 114	2 439 495	2 443 107

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 39 in the Annual Report 2016.

Assets and liabilities measured at fair value – SEB Group

SEK m	31 Mar 2017				31 Dec 2016			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Financial assets - policyholders bearing the risk	282 046	17 595	5 355	304 996	275 894	15 589	4 425	295 908
Equity instruments at fair value	59 920	14 390	11 847	86 157	50 331	13 215	11 101	74 647
Debt instruments at fair value	186 790	148 756	1 792	337 338	102 894	133 664	1 779	238 337
Derivative instruments at fair value	1 708	166 232	6 822	174 762	2 593	201 621	8 141	212 355
Investment properties	0	0	7 418	7 418			7 401	7 401
Assets held for sale	0	486	0	486		587		587
Total	530 464	347 459	33 234	911 157	431 712	364 676	32 847	829 235
Liabilities								
Liabilities to policyholders - investment contracts	283 170	17 768	5 369	306 307	276 666	15 542	4 410	296 618
Equity instruments at fair value	13 850	0	283	14 133	9 798	2	271	10 071
Debt instruments at fair value	20 114	38 959	0	59 073	7 027	33 514		40 541
Derivative instruments at fair value	1 994	133 602	3 290	138 886	2 808	168 207	3 636	174 651
Other financial liabilities	0	18 748	0	18 748		19 225		19 225
Total	319 128	209 077	8 942	537 147	296 299	236 490	8 317	541 106

Fair value measurement

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

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

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

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

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

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2016. 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. No significant transfers or reclassifications have occurred during the first quarter 2017.

Changes in level 3	Closing balance 31 Dec 2016	Gain/loss in		Purchases	Sales	Issues	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance 31 Mar 2017
		Gain/loss in Income statement	Other comprehen sive income								
Assets											
Financial assets - policyholders bearing the risk	4 425	34		4 602	-3 698					-8	5 355
Equity instruments at fair value	11 101	117	76	1 283	-702				-8	-20	11 847
Debt instruments at fair value	1 779	-18		59	-25					-3	1 792
Derivative instruments at fair value	8 141	-1 345		47	-29		23			-15	6 822
Investment properties	7 401	-2		36	-3		0			-14	7 418
Total	32 847	-1 214	76	6 027	-4 457	0	23	0	-8	-60	33 234
Liabilities											
Liabilities to policyholders - investment contracts	4 410	33		4 619	-3 686					-7	5 369
Equity instruments at fair value	271	11								1	283
Debt instruments at fair value		0								0	0
Derivative instruments at fair value	3 636	-440		40			60			-6	3 290
Total	8 317	-396	0	4 659	-3 686	0	60	0	0	-12	8 942

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.

SEK m	31 Mar 2017				31 Dec 2016			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾²⁾⁴⁾	784	-968	-184	47	780	-940	-160	49
Equity instruments ³⁾⁶⁾	1 280	-282	998	197	1 441	-271	1 170	229
Insurance holdings - Financial instruments ⁴⁾⁵⁾⁷⁾	16 219	-2 321	13 898	1 637	18 477	-2 695	15 782	1 807
Insurance holdings - Investment properties ⁶⁾⁷⁾	7 418	0	7 418	742	7 401		7 401	740

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

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

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

4) Shift in implied volatility by 10 per cent (10).

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

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

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

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
31 Mar 2017								
Derivatives	178 423	-4 377	174 046	-97 327	-47 090	29 629	716	174 762
Reversed repo receivables	146 566	-24 278	122 288	-20 593	-101 064	631		122 288
Securities borrowing	45 382		45 382	-5 688	-39 694		5 179	50 561
Client receivables	4 499	-4 499					31 536	31 536
Assets	374 870	-33 154	341 716	-123 608	-187 848	30 260	37 431	379 147
Derivatives	142 331	-4 377	137 954	-97 327	-38 132	2 496	931	138 885
Repo payables	46 470	-24 278	22 192	-20 593	-1 106	493		22 192
Securities lending	25 056		25 056	-5 688	-10 467	8 902	6	25 062
Client payables	4 499	-4 499					33 053	33 053
Liabilities	218 357	-33 154	185 203	-123 608	-49 704	11 891	33 989	219 193
31 Dec 2016								
Derivatives	215 367	-4 447	210 920	-123 698	-34 841	52 381	1 435	212 355
Reversed repo receivables	99 828	-35 332	64 496	-682	-63 612	202	1	64 497
Securities borrowing	25 265		25 265	-7 616	-17 649		5 525	30 790
Client receivables	43	-42	1			1	5 861	5 862
Assets	340 503	-39 821	300 682	-131 996	-116 102	52 584	12 822	313 504
Derivatives	176 773	-4 447	172 326	-123 698	-31 547	17 081	2 325	174 651
Repo payables	36 926	-35 332	1 594	-682	-795	117		1 594
Securities lending	25 155		25 155	-7 616	-8 765	8 774	6	25 161
Client payables	42	-42					7 044	7 044
Liabilities	238 896	-39 821	199 075	-131 996	-41 107	25 972	9 375	208 450
31 Mar 2016								
Derivatives	251 289	-4 511	246 778	-178 289	-43 283	25 206	1 118	247 896
Reversed repo receivables	136 226	-18 768	117 458	-26 651	-90 604	203	2	117 460
Securities borrowing	26 167		26 167	-5 824	-20 343		7 382	33 549
Client receivables	2 607	-2 607					24 671	24 671
Assets	416 289	-25 886	390 403	-210 764	-154 230	25 409	33 173	423 576
Derivatives	220 035	-4 511	215 524	-178 289	-31 731	5 504	2 331	217 855
Repo payables	52 386	-18 754	33 632	-26 651	-6 798	183		33 632
Securities lending	28 435	-14	28 421	-5 824	-16 242	6 355	8	28 429
Client payables	2 607	-2 607					27 150	27 150
Liabilities	303 463	-25 886	277 577	-210 764	-54 771	12 042	29 489	307 066

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

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

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

Non-performing loans – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2017	2016	2016
Individually assessed loans			
Impaired loans	4 834	5 037	5 099
Specific reserves	- 1 850	- 1 928	- 2 253
Collective reserves	- 1 671	- 1 539	- 1 189
Impaired loans net	1 314	1 570	1 657
Specific reserve ratio for individually assessed impaired loans	38.3%	38.3%	44.2%
Total reserve ratio for individually assessed impaired loans	72.8%	68.8%	67.5%
Net level of impaired loans	0.19%	0.21%	0.19%
Gross level of impaired loans	0.30%	0.33%	0.34%
Portfolio assessed loans			
Loans past due > 60 days	2 535	2 597	2 867
Restructured loans	14	9	198
Collective reserves for portfolio assessed loans	- 1 350	- 1 322	- 1 504
Reserve ratio for portfolio assessed loans	53.0%	50.7%	49.1%
Non-performing loans¹⁾			
Non-performing loans	7 383	7 643	8 164
NPL coverage ratio	66.6%	63.2%	61.9%
NPL per cent of lending	0.46%	0.51%	0.55%

1) Consists of impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans.

Reserves

Specific reserves	- 1 850	- 1 928	- 2 253
Collective reserves	- 3 021	- 2 861	- 2 693
Reserves for off-balance sheet items	- 45	- 44	- 103
Total reserves	- 4 915	- 4 833	- 5 049

Seized assets – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2017	2016	2016
Properties, vehicles and equipment	414	417	1 033
Shares	46	46	40
Total seized assets	460	463	1 073

Assets and liabilities held for sale – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2017	2016	2016
Other assets	486	587	618
Total assets held for sale	486	587	618
Other liabilities			
Total liabilities held for sale	0	0	0

The Baltic division has a divestment plan for investment properties. Through the continuation of the plan, additional properties were reclassified as assets held for sale until the derecognition at concluded sales agreement. The net amount of these activities during the first quarter was SEK -101m.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Own funds			
Common Equity Tier 1 capital	115 364	114 419	107 306
Tier 1 capital	135 336	129 157	120 824
Total own funds	157 728	151 491	134 711
Own funds requirement			
Risk exposure amount	610 047	609 959	562 754
Expressed as own funds requirement	48 804	48 797	45 020
Common Equity Tier 1 capital ratio	18.9%	18.8%	19.1%
Tier 1 capital ratio	22.2%	21.2%	21.5%
Total capital ratio	25.9%	24.8%	23.9%
Own funds in relation to own funds requirement	3.23	3.10	2.99
Regulatory Common Equity Tier 1 capital requirement including buffer	10.9%	10.7%	10.4%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	3.0%	3.0%
of which countercyclical capital buffer requirement	0.9%	0.7%	0.4%
Common Equity Tier 1 capital available to meet buffer ¹⁾	14.4%	14.3%	14.6%
Transitional floor 80% of capital requirement according to Basel I			
Minimum floor own funds requirement according to Basel I	87 356	86 884	80 161
Own funds according to Basel I	158 204	151 814	134 765
Own funds in relation to own funds requirement Basel I	1.81	1.75	1.68
Leverage ratio			
Exposure measure for leverage ratio calculation	2 902 192	2 549 149	2 655 228
of which on balance sheet items	2 441 298	2 120 587	2 251 036
of which off balance sheet items	460 893	428 562	404 192
Leverage ratio	4.7%	5.1%	4.6%

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

Internally assessed capital requirement

As per 31 March 2017, the internally assessed capital requirement including insurance risk amounted to SEK 63bn (63). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish Financial Supervisory Authority due to differences in assumptions and methodologies.

Own funds for SEB consolidated situation

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Shareholders equity according to balance sheet ¹⁾	134 727	140 976	126 237
Deductions related to the consolidated situation and other foreseeable charges	-5 601	-14 303	-5 543
Common Equity Tier 1 capital before regulatory adjustments ²⁾	129 126	126 673	120 694
Additional value adjustments	-990	-1 169	-1 268
Intangible assets	-6 893	-6 835	-6 560
Deferred tax assets that rely on future profitability	-185	-208	-493
Fair value reserves related to gains or losses on cash flow hedges	-2 048	-2 400	-3 401
Negative amounts resulting from the calculation of expected loss amounts	-628	-381	-368
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	50	-115	-206
Defined-benefit pension fund assets	-2 834	-920	-895
Direct and indirect holdings of own CET1 instruments	-199	-191	-155
Securitisation positions with 1,250% risk weight	-33	-35	-42
Total regulatory adjustments to Common Equity Tier 1	-13 762	-12 254	-13 388
Common Equity Tier 1 capital	115 364	114 419	107 306
Additional Tier 1 instruments	15 200	9 959	8 905
Grandfathered additional Tier 1 instruments	4 772	4 779	4 613
Tier 1 capital	135 336	129 157	120 824
Tier 2 instruments	24 815	24 851	16 148
Grandfathered Tier 2 instruments			
Net provisioning amount for IRB-reported exposures	153	58	314
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
Tier 2 capital	22 392	22 334	13 887
Total own funds	157 728	151 491	134 711

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

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

Risk exposure amount for SEB consolidated situation

SEK m	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to institutions	28 683	2 295	26 254	2 100	23 349	1 868
Exposures to corporates	335 648	26 852	335 413	26 833	307 027	24 562
Retail exposures	56 590	4 527	55 617	4 449	53 204	4 256
of which secured by immovable property	35 093	2 807	34 079	2 726	32 836	2 627
of which retail SME	4 756	380	4 723	378	3 628	290
of which other retail exposures	16 741	1 339	16 815	1 345	16 740	1 339
Securitisation positions	2 042	163	3 066	246	3 561	285
Total IRB approach	422 964	33 837	420 350	33 628	387 141	30 971
Credit risk standardised approach						
Exposures to central governments or central banks	715	57	1 801	144	1 258	101
Exposures to regional governments or local authorities	47	4	51	4	53	4
Exposures to public sector entities	114	9	29	2	7	1
Exposures to institutions	639	51	1 316	105	937	75
Exposures to corporates	18 103	1 448	16 422	1 314	15 545	1 244
Retail exposures	15 845	1 268	16 186	1 295	15 084	1 207
Exposures secured by mortgages on immovable property	3 714	297	3 803	304	4 199	336
Exposures in default	459	37	384	31	383	31
Exposures associated with particularly high risk	1 322	106	1 477	118	1 623	130
Securitisation positions	216	17	216	17		
Exposures in the form of collective investment undertakings (CIU)	40	3	66	5	56	4
Equity exposures	2 124	170	2 119	170	2 719	218
Other items	7 746	620	8 880	711	7 328	585
Total standardised approach	51 083	4 087	52 750	4 220	49 192	3 936
Market risk						
Trading book exposures where internal models are applied	27 086	2 167	30 042	2 403	27 430	2 194
Trading book exposures applying standardised approaches	13 563	1 085	9 398	752	12 067	965
Foreign exchange rate risk	4 478	358	3 773	302	2 902	232
Total market risk	45 128	3 610	43 213	3 457	42 399	3 391
Other own funds requirements						
Operational risk advanced measurement approach	46 793	3 743	47 901	3 832	47 195	3 776
Settlement risk	3	0	0	0	0	0
Credit value adjustment	6 301	504	7 818	625	6 476	518
Investment in insurance business	16 633	1 331	16 633	1 331	16 633	1 331
Other exposures	5 639	451	6 547	524	4 364	349
Additional risk exposure amount ²⁾	15 503	1 240	14 747	1 180	9 354	748
Total other own funds requirements	90 872	7 270	93 646	7 492	84 022	6 722
Total	610 047	48 804	609 959	48 797	562 754	45 020

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

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

Change in risk exposure amount (REA)

Total REA was unchanged compared to year-end 2016. Credit volumes increased somewhat from year-end contributing to higher REA which is however partly offset by improved asset quality and foreign exchange movements. The Additional REA that was established in 2015 in agreement with the SFSA as a measure of prudence, increased by SEK 0.8bn to SEK 15.5bn.

SEK bn	31 Mar 2017
Balance 31 Dec 2016	610
Asset size	5
Asset quality	-2
Foreign exchange movements	-1
Model updates, methodology & policy, other	-1
Underlying market and operational risk changes	-1
Balance 31 Mar 2017	610

Average risk-weight

The following table summarises average risk-weights (risk exposure amount divided by exposure at default, EAD) for exposures where the risk exposure amount is calculated according to the internal ratings based (IRB) approach. Repos and securities lending transactions are excluded from the analysis since they carry low risk-weight and can vary considerably in volume, thus making numbers less comparable.

IRB reported credit exposures (less repos and securities lending)	31 Mar 2017	31 Dec 2016	31 Mar 2016
Average risk-weight			
Exposures to institutions	26.8%	25.1%	25.2%
Exposures to corporates	31.5%	31.4%	32.2%
Retail exposures	9.9%	9.9%	9.8%
of which secured by immovable property	7.0%	6.9%	6.8%
of which qualifying revolving retail exposures			
of which retail SME	83.5%	73.4%	70.5%
of which other retail exposures	27.9%	28.0%	28.3%
Securitisation positions	41.9%	50.6%	42.8%

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
	2017	2016	%				2017	2016	%	2016
Interest income	7 861	7 493	5				7 861	7 246	8	29 022
Leasing income	1 345	1 377	-2				1 345	1 351	0	5 443
Interest expense	-4 391	-4 140	6				-4 391	-3 757	17	-15 223
Dividends	1 964	1 252	57				1 964	1 542	27	6 581
Fee and commission income	2 951	3 350	-12				2 951	2 841	4	11 648
Fee and commission expense	- 674	-1 005	-33				- 674	- 767	-12	-2 805
Net financial income	1 467	1 459	1				1 467	825	78	4 642
Other income	245	261	-6				245	236	4	817
Total operating income	10 767	10 047	7				10 767	9 517	13	40 125
Administrative expenses	-3 650	-3 909	-7				-3 650	-3 526	4	-15 039
Depreciation, amortisation and impairment of tangible and intangible assets	-1 315	-1 319	0				-1 315	-1 512	-13	-5 775
Total operating expenses	-4 965	-5 228	-5				-4 965	-5 038	-1	-20 814
Profit before credit losses	5 802	4 819	20				5 802	4 479	30	19 311
Net credit losses	- 72	- 248	-71				- 72	- 121	-41	- 789
Impairment of financial assets ¹⁾	- 47	- 144	-67				- 47	-2 687	-98	-3 841
Operating profit	5 683	4 427	28				5 683	1 671		14 681
Appropriations	505	1 882	-73				505	- 4		2 437
Income tax expense	-1 049	-1 202	-13				-1 049	- 638	64	-2 877
Other taxes	20	128	-85				20	- 18		137
Net profit	5 159	5 235	-1				5 159	1 011		14 378

1) As a result of impairment of goodwill in SEB Group, impairment of shares in subsidiaries has affected the parent company in Q1 2016 with an amount of SEK 2,687m.

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

SEK m	Q1			Q4			Jan–Mar			Full year
	2017	2016	%				2017	2016	%	2016
Net profit	5 159	5 235	-1				5 159	1 011		14 378
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	75	16					75	55	36	1 130
Cash flow hedges	- 351	- 473	-26				- 351	190		- 811
Translation of foreign operations	25	- 36	-169				25	13	92	25
Other comprehensive income (net of tax)	- 251	- 493	-49				- 251	258	-197	344
Total comprehensive income	4 908	4 742	4				4 908	1 269		14 722

Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

Condensed SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Cash and cash balances with central banks	286 222	70 671	127 026
Loans to credit institutions	219 342	287 059	186 293
Loans to the public	1 232 132	1 172 095	1 129 391
Financial assets at fair value	405 608	322 195	513 888
Available-for-sale financial assets	12 012	12 063	13 339
Investments in associates	841	1 025	905
Shares in subsidiaries	50 505	50 611	49 821
Tangible and intangible assets	37 406	37 186	39 704
Other assets	66 060	46 939	55 438
Total assets	2 310 129	1 999 844	2 115 805
Deposits from credit institutions	219 778	168 852	219 507
Deposits and borrowing from the public	941 098	782 584	783 831
Debt securities	726 374	664 186	668 026
Financial liabilities at fair value	168 426	172 678	231 097
Other liabilities	91 993	47 610	70 459
Provisions	70	80	151
Subordinated liabilities	46 112	40 719	31 719
Untaxed reserves	21 761	21 761	23 465
Total equity	94 515	101 374	87 550
Total liabilities, untaxed reserves and shareholders' equity	2 310 129	1 999 844	2 115 805

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

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Pledged assets for own liabilities	424 533	392 227	434 768
Other pledged assets	164 681	152 317	128 319
Pledged assets	589 214	544 544	563 087
Contingent liabilities	102 005	97 642	83 336
Commitments	527 382	468 953	458 762
Contingent liabilities and commitments	629 387	566 595	542 098

Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	31 Mar 2017	31 Dec 2016	31 Mar 2016
Own funds			
Common Equity Tier 1 capital	99 625	97 144	93 159
Tier 1 capital	119 596	111 882	106 677
Total own funds	141 886	134 384	120 611
Own funds requirement			
Risk exposure amount	515 416	515 826	480 263
Expressed as own funds requirement	41 233	41 266	38 421
Common Equity Tier 1 capital ratio	19.3%	18.8%	19.4%
Tier 1 capital ratio	23.2%	21.7%	22.2%
Total capital ratio	27.5%	26.1%	25.1%
Own funds in relation to capital requirement	3.44	3.26	3.14
Regulatory Common Equity Tier 1 capital requirement including buffers	8.1%	7.9%	7.6%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	1.1%	0.9%	0.6%
Common Equity Tier 1 capital available to meet buffers ¹⁾	14.8%	14.3%	14.8%

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

The internally assessed capital requirement for the parent company amounted to SEK 61bn (60).

Definitions - Alternative Performance Measures*

Items affecting comparability

To facilitate the comparison of SEB's operating profit; items that management considers reduce comparability, are identified and separately described, e.g. impairment of goodwill and restructuring.

Return on equity

Net profit attributable to shareholders in relation to average¹⁾ shareholders' equity.

Return on equity excluding items affecting comparability

Net profit attributable to shareholders, excluding items affecting comparability and their related tax effect, in relation to average¹⁾ shareholders' equity.

Return on business equity

Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average¹⁾ business equity (allocated capital).

Return on total assets

Net profit attributable to shareholders, in relation to average¹⁾ total assets.

Return on risk exposure amount

Net profit attributable to shareholders in relation to average¹⁾ risk exposure amount.

Cost/income ratio

Total operating expenses in relation to total operating income.

Cost/income ratio excluding items affecting comparability

Total operating expenses excluding items affecting comparability in relation to total operating income excluding items affecting comparability.

Basic earnings per share

Net profit attributable to shareholders in relation to the weighted average²⁾ number of shares outstanding.

Diluted earnings per share

Net profit attributable to shareholders in relation to the weighted average²⁾ diluted number of shares. The calculated dilution is based on the estimated economic value of the long-term incentive programmes.

Net worth per share

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

Equity per share

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

Credit loss level

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

Gross level of impaired loans

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

Net level of impaired loans

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

Specific reserve ratio for individually assessed impaired loans

Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans

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

Reserve ratio for portfolio assessed loans

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

Non-performing loans (NPL)

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

NPL coverage ratio

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

NPL per cent of lending

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

** Alternative Performance Measures, APMs, are financial measures of historical or future financial performance, financial position, or cash flows, other than those defined in the applicable financial reporting framework (IFRS) or in the EU Capital Requirements Regulation and Directive CRR/CRD IV. APMs are used by SEB when relevant to assess and describe the performance of SEB and provide additional relevant information and tools to enable a view on SEB's performance. APMs on basic earnings per share, diluted earnings per share, net worth per share, equity per share, return on equity, return on total assets and return on risk exposure amount provide relevant information on the performance in relation to different investment measurements. The cost/income ratio provides information on SEB's cost efficiency. APMs related to lending provide information on provisions in relation to credit risk. All these measures may not be comparable to similarly titled measures used by other companies. The excel file Alternative Performance Measures, available on sebgroup.com/ir, provides information on how the measures are calculated.*

¹⁾ Average year to date, calculated on month-end figures.

²⁾ Average, calculated on a daily basis.

Definitions

According to the EU Capital Requirements Regulation no 575/2013 (CRR)

Risk exposure amount

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

Common Equity Tier 1 capital

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

Tier 1 capital

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

Tier 2 capital

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Leverage ratio

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

Liquidity Coverage Ratio (LCR)

High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days.

This is SEB

Our vision	To deliver world-class service to our customers.
Our purpose	We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.
Our overall ambition	To be the undisputed leading Nordic bank for corporations and institutions and the top universal bank in Sweden and the Baltic countries.
Whom we serve	2,300 large corporations, 700 financial institutions, 267,000 SME and 1.4 million private full-service customers bank with SEB.
Our strategic priorities	<p>Leading customer experience – develop long-term relationships based on trust so that customers feel that the services and advice offered are insightful about their needs, are convenient and accessible on their terms and that SEB shares knowledge and acts proactively in their best interest.</p> <p>Growth in areas of strength – pursue growth in three selected core areas – offering to all customer segments in Sweden, large corporations and financial institutions in the Nordic countries and Germany and savings offering to private individuals and corporate customers.</p> <p>Resilience and flexibility – maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Resilience is based upon cost and capital efficiency.</p>
Values	Guided by our Code of Business Conduct and our core values: customers first, commitment, collaboration and simplicity.
People	Around 15,000 highly skilled employees serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
History	160 years of business, trust and sharing knowledge. The Bank has always acted responsibly in society promoting entrepreneurship, international outlook and long-term relationships.

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