

# Interim Report

January–March 2018

STOCKHOLM 30 APRIL 2018



# Interim report – the first quarter 2018

## First quarter 2018 result

(Compared with the fourth quarter 2017)

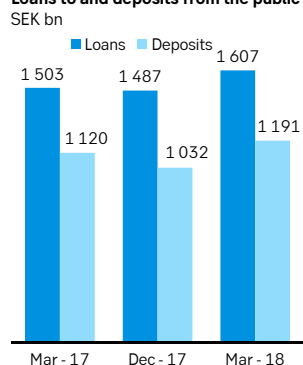
- Operating income SEK 10.8bn (11.8\*) and operating expenses SEK 5.4bn (5.6).
- Operating profit before items affecting comparability\*\* SEK 5.3bn (6.1\*) and net profit SEK 4.0bn (3.2\*).
- Net expected credit losses SEK 109m, with a net expected credit loss level of 0.02 per cent.
- Return on equity 11.6 per cent (9.0\*), return on equity excluding items affecting comparability 11.6 per cent (13.7\*) and earnings per share SEK 1.84 (1.46\*).

\* As a consequence of the transition to IFRS 15, net fee and commission income was restated, reducing the 2017 result by SEK 47m. See box on page 4 for a comment.

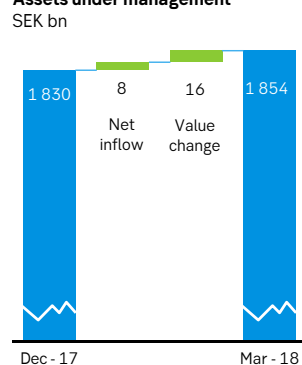
\*\* There were no items affecting comparability in the first quarter 2018.

## Volumes and key ratios

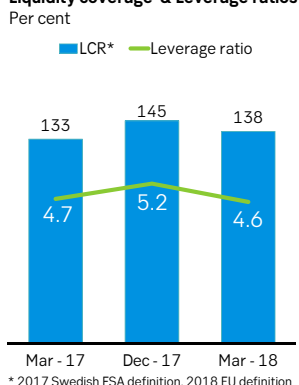
Loans to and deposits from the public



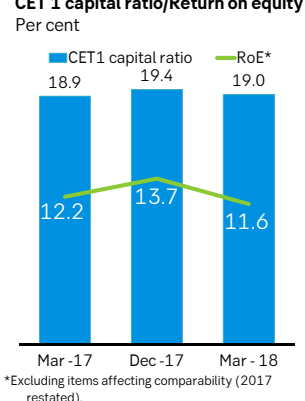
Assets under management



Liquidity coverage & Leverage ratios



CET 1 capital ratio/Return on equity



## President's comment

In spite of somewhat less positive macroeconomic indicators, there continues to be a positive trajectory for the world economy driven by increased investments, improved global trade – despite recent signals of trade disputes – and improved labour markets. However, we are in the late cyclical phase with this upturn being one of the longest ever for the US economy and global economic growth will probably not surprise on the upside. This quarter, equity markets saw increased volatility on the back of threats of trade tariffs and heightened geopolitical risk. Trade wars and protectionism have no winners and at best, the signals of higher tariffs will not materialise. The Eurozone as well as Sweden are now into the fourth year of negative rates and the Swedish krona weakened further in the quarter. The return to a more normalised monetary policy by central banks still seems to be slow and in this environment of abundant liquidity, global imbalances remain.

### **Corporate activity levels low in cautious business sentiment**

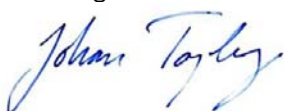
In the current environment, business sentiment subsided a bit from the peak levels seen during last year. We saw little large event-driven activity in the quarter and credit demand from large Nordic corporates remained stable. Swedish medium-sized companies were more active and lending to them increased by 4 per cent since year-end. Financial markets were at the start of the year impacted by the implementation of MiFID II, affecting also financial institutions' activity levels. With more volatile equity markets, private individuals grew more cautious and increased their demand for low-risk investments. SEB's mortgage lending in Sweden continued to grow, at around 4 per cent, as housing prices seemed to stabilise. Business sentiment continued to be positive in the Baltic countries and SEB's customers increased mortgage and corporate borrowing.

All in all, the prevailing market sentiment and seasonal slow-down resulted in an operating profit of SEK 5.3bn, 5 per cent lower than the first quarter last year. Net interest income grew by 6 per cent even though regulatory fees increased to SEK 625m as the resolution fund fee in 2018 increased to 12.5 basis points. Net fee and commission income was impacted by the lower corporate activity as well as the weaker stock market performance. Operating expenses were unchanged compared to the first quarter last year. We remain committed to our cost cap of SEK 22bn for 2018. The new IFRS 9 Financial Instruments standard came into effect this quarter. SEB's asset quality remained high with net expected credit losses at SEK 109m. With the Common Equity Tier 1 capital ratio at 19.0 per cent, return on equity reached 11.6 per cent. Our buffer above the estimated regulatory capital requirement of 16.7 per cent is 230 basis points.

### **Focus on customer service – digital and physical meetings**

The financial industry is undergoing rapid change in terms of the regulatory landscape, new transformative technologies and customer behaviours. We continue to invest in enhanced customer services – digital but also in physical meeting places – as we believe that in the future world class service will include both personal meetings as well as personalised, simple-to-use digital solutions. This quarter we released our Open Banking developer portal, a platform for external developers to build solutions that incorporate payment and account information at SEB. We launched a first version of a digital robot advisory tool for private customers providing them with an overview of their financial situation, including advice. We introduced corporate digital signing, facilitating for customers to sign a number of business agreements. We have also developed our programme for entrepreneurs, Greenhouse, with a scale-up lab. However foremost, we have met with our customers in numerous ways, serving them with advice and sharing knowledge – in our digital channels, branch offices, at seminars and in our 20 offices around the globe.

We continue to work hard to execute on the final year of our present business plan. By striving for world-class service in the eyes of the customers, we are convinced that we will deliver long-term sustainable shareholder value.



SEB Interim Report January–March 2018



## The first quarter 2018

Operating profit before items affecting comparability decreased by 14 per cent and amounted to SEK 5,256m (6,101). Net profit (after tax) amounted to SEK 3,995m (3,172).

### Operating income

Total operating income decreased by 9 per cent to SEK 10,787m (11,847).

Net interest income amounted to SEK 4,988m, which was a decrease of 4 per cent compared to the fourth quarter 2017 (5,184) and an increase of 6 per cent compared to the first quarter 2017.

	Q1	Q4	Q1
SEK m	2018	2017	2017
Customer-driven NII	5 468	5 487	5 427
NII from other activities	-480	-303	-711
<b>Total</b>	<b>4 988</b>	<b>5 184</b>	<b>4 716</b>

Customer-driven net interest income decreased by SEK 19m in the quarter. An increase related mainly to lending volumes and to some extent lending margins was offset by lower deposit margins. Year-on-year customer-driven net interest income increased by SEK 41m. Both lending margins and volumes contributed positively, largely offset by a negative effect on the deposit margin.

Net interest income from other activities decreased by SEK 177m in the quarter and improved by SEK 231m, year-on-year. Funding costs in the first quarter 2018 were lower than 2017, driven by a more efficient funding mix. In 2018, the resolution fund fee increased by 3.5 basis points to 12.5 basis points applied to the adjusted balance sheet volumes. Regulatory fees, including both resolution fund and deposit guarantee fees, were SEK 235m higher than the fourth quarter 2017 and amounted to SEK 625m (389). In total, regulatory fees for 2017 amounted to SEK 1,798m. The resolution fund fee beyond 2018 will be lower, as outlined on page 8.

Net fee and commission income decreased by 11 per cent to SEK 4,190m (4,728), and was 1 per cent lower than the corresponding quarter 2017. The high activity in the fourth quarter 2017, where corporate customers took advantage of the low interest rate levels to finance corporate activities, subsided in the first quarter 2018.

Therefore, the gross related fees from the issue of securities and advisory fees decreased by SEK 181m. Corporate demand for new traditional financing was also lower, especially among large corporations, and gross lending fees were down by SEK 101m compared to the fourth quarter. The stock market values decreased during the quarter. The increase in the market value of assets under management of SEK 16bn was relatively low compared to each quarter 2017, which led to a decrease in gross fee income related to custody and mutual funds at an amount of SEK 287m to SEK 1,923m compared to the fourth quarter 2017. Performance fees, which are part of the mutual funds fee income decreased by SEK 201m to SEK 24m. Performance fees in the first quarter 2017 amounted to SEK 38m. There was also a small negative primarily retrocession related effect from the implementation of MiFID II. Net payments and card fees decreased by 1 per cent compared to the fourth quarter, a seasonally expected change, and increased by 9 per cent year-on-year. Gross life insurance commissions related to the unit-linked insurance business increased by SEK 56m compared to the fourth quarter 2017 and by SEK 63m year-on-year.

### Transition to IFRS 15 and IFRS 9 and restatement

The effects from the implementation of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments were first outlined in the Interim Report for the third quarter 2017, then in the press release on 19 January 2018 and in the Annual Report 2017. The detailed transition disclosures were published on [sebgroupp.com](http://sebgroupp.com) on 28 March 2018.

This Interim Report reflects (1) the effect of IFRS 15 and the restatement of the income statement and the balance sheet, (2) a new presentation of SEB's balance sheet to reflect better the new requirements under IFRS 9 and (3) the effects of transition to IFRS 9. Read more about the transition effects on page 7 and in the transition tables on pages 31-38.

The main effect from the transition to IFRS 15 is the change in the treatment of contract costs for investment contracts within the Life operations where only a smaller part of the deferred acquisition costs (DAC) now can be recognised as an asset. As a result, the existing DAC (in the amount of SEK 2,640m) was reversed which reduced the opening balance of retained earnings. For the same reason, Net fee and commission income for 2017 was reduced by SEK 47m. Therefore, the 2017 reported result, return on equity and earnings per share have been restated. The main measurements are shown in the table.

2017 restatement	Reported Q1	Restated Q1	Reported Q4	Restated Q4	Reported Full year	Restated Full year
Net fee and commission income, SEK m	4 268	4 249	4 739	4 728	17 725	17 677
Return on equity, %	12.19	12.31	8.83	8.97	11.53	11.70
Return on equity, excluding items affecting comparability, %	11.74	12.19	13.45	13.68	12.67	12.86
Basic earnings per share, SEK	1.98	1.97	1.47	1.46	7.49	7.47

#### Comparative numbers (in parenthesis):

The first quarter 2018 result is compared to the fourth quarter 2017.

Business volumes are compared to year-end 2017, unless otherwise stated.

*Net financial income* decreased by 11 per cent to SEK 1,455m (1,630) and was 29 per cent lower year-on-year. The first quarter was characterised by declining and more volatile stock markets as well as continued low volatility and suppressed activity within other asset classes; although an uptick was visible in the second half of the quarter. In these market conditions, the financial institutions were less active. In the first quarter 2017, there was an unusually high market valuation effect in the short-term liquidity management portfolio. The market conditions affected credit spreads which, in turn, changed the fair value credit adjustment<sup>1)</sup>. In the first quarter, the adjustment decreased to SEK 3m (61). Other life insurance income, net, decreased by 51 per cent from the fourth quarter, driven primarily by lower risk in the Danish life portfolios.

*Net other income* decreased by 50 per cent to SEK 153m (305). Realised capital gains as well as unrealised valuation and hedge accounting effects were included in this line item.

### **Operating expenses**

*Total operating expenses* decreased to SEK 5,430m (5,605) and were unchanged year-on-year. Staff costs were unchanged from the fourth quarter and decreased by 2 per cent year-on-year. The number of full-time equivalents decreased to 14,820. Regulatory fees to the financial supervisory authorities amounted to SEK 38m (42).

SEB's cost cap remains unchanged at SEK 22bn for 2018.

### **Net expected credit losses**

*Net expected credit losses* were low at SEK 109m. Asset quality remained high and the net ECL (expected credit loss) level was 2 basis points. As at 1 January 2018, IFRS 9 Financial Instruments came into force. The main change was the move from an incurred loss model to an expected credit loss model.

### **Items affecting comparability**

There were no *items affecting comparability* in the first quarter (-1,896). See page 22 for detailed information on items affecting comparability in 2017.

### **Income tax expense**

*Income tax expense* amounted to SEK 1,261m (1,032). In the fourth quarter 2017, there were effects from the items affecting comparability that lowered the tax expense (see page 22). A dividend from the subsidiary in Estonia in the first quarter 2018 was taxed at the time of payout to the parent. The tax amounted to SEK 175m which contributed to an effective tax rate for the quarter of 24 per cent. The effective tax rate for the year is expected to be lower.

There is a proposal from the Swedish government to lower the corporate tax rate from the current rate of 22 per cent to 21.4 per cent in 2019 and 20.6 per cent starting from 2021. No development in the discussions of a potential bank tax in Sweden is expected before the general elections in the fall.

### **Return on equity**

*Return on equity* for the first quarter was 11.6 per cent (9.0). Excluding items affecting comparability *return on equity* was 11.6 per cent (13.7).

### **Other comprehensive income**

*Other comprehensive income* amounted to SEK 887m (-1,688).

The value of the pension plan assets exceeds the defined benefit obligations. The discount rate used for the pension obligation in Sweden was 2.3 per cent (2.2 at year-end 2017). The net value of the defined benefit pension plan assets and liabilities increased since year-end affecting other comprehensive income by SEK 295m (-927).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash-flow hedges and translation of foreign operations amounted to SEK 581m (-760).

As at 1 January 2018, IFRS 9 Financial Instruments was implemented and the available-for-sale category is replaced by new classifications resulting in the fair value change. In the fourth quarter, a dividend in the amount of SEK 494m was received from Visa Sweden which reduced the valuation of the holdings in the line item available-for-sale.

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<sup>1)</sup> *Unrealised valuation change from counterparty risk (CVA) and own credit risk standing in derivatives (DVA). Own credit risk for issued securities (OCA) effect is reflected in Other Comprehensive Income as per the IFRS 9 requirements.*

## Business volumes

Total assets at the end of the year were SEK 2,903bn, representing an increase of SEK 348bn during the quarter (2,556).

As at 1 January 2018, IFRS 9 Financial Instruments entered into force. The presentation of the balance sheet has changed to reflect business volumes better under the new rules. The historical information in the balance sheet was restated. See page 31-38 for more detailed information.

### Loans

	Mar	1 Jan	Mar
SEK bn	2018	2018	2017
General governments	26	34	27
Financial corporations	74	69	58
Non-financial corporations	765	734	738
Households	584	576	554
Margins of safety	34	29	17
Reverse repos	123	42	109
<b>Loans to the public</b>	<b>1 607</b>	<b>1 486</b>	<b>1 503</b>

Loans to the public (on the balance sheet) amounted to SEK 1,607bn (1,486).

The credit portfolio (in which loans, commitments and derivatives are included) increased by SEK 82bn to SEK 2,143bn (2,061), excluding banks. The corporate credit portfolio increased by SEK 78bn, of which approximately half related to currency effects. The household credit portfolio increased by SEK 8bn.

### Deposits

	Mar	1 Jan	Mar
SEK bn	2018	2018	2017
General governments	55	17	72
Financial corporations	265	216	295
Non-financial corporations	431	432	423
Households	305	300	274
Margins of safety	39	35	8
Repos	64	6	12
Registered bonds	30	29	34
<b>Deposits and borrowings from the public</b>	<b>1 191</b>	<b>1 035</b>	<b>1 120</b>

Deposits and borrowings from the public amounted to SEK 1,191bn (1,035). Deposits from non-financial corporations and households remained stable with a total increase of SEK 4bn during the quarter. Deposits from financial corporations and repos, which are generally more short-term in nature, increased by SEK 107bn during the quarter.

### Assets under management and custody

Total assets under management amounted to SEK 1,854bn (1,830). The net inflow of assets during the quarter was SEK 8bn and the market value increased by SEK 16bn. The market value increase is FX-related.

Assets under custody decreased partly reflecting the decreased stock market values since year-end and amounted to SEK 7,985bn (8,046).

## Risk and capital

### Market risk

SEB's business model is mainly driven by customer demand. Due to the growing balance sheet and more volatile equity markets, Value-at-Risk (VaR) in the trading book increased in the first quarter 2018, and averaged SEK 72m. The Group does not expect to lose more than this amount, on average, during a period of ten trading days, with 99 per cent probability.

As of 1 January 2018, the liquidity portfolio was moved out of the trading book. The move was related to IFRS 9 and together with reclassifications in the balance sheet the capital requirement for market risk was reduced.

### Liquidity and long-term funding

Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 52bn from year-end 2017.

SEK 19bn of long-term funding matured during the first quarter 2018 (of which SEK 0.5bn covered bonds, and SEK 18bn senior debt). During the quarter new issuance amounted to SEK 33bn (of which SEK 18bn constituted covered bonds and SEK 14bn senior debt).

The liquidity reserve, as defined by the Swedish Bankers' Association, amounted to SEK 548bn at the end of the quarter (340).

The Liquidity Coverage Ratio (LCR) must be at least 100 per cent. At the end of the quarter, the LCR was 138 per cent (145). From 1 January 2018, SEB reports LCR according to the EU definition.

The Bank is committed to a stable funding base. SEB's internal structural liquidity measure, which measures the proportion of stable funding in relation to illiquid assets, Core Gap, was 111 per cent (108).

### Rating

During the first quarter Moody's rated 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. As per 20 April 2018, Moody's announced a one-notch uplift of SEB's rating, to Aa2.

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 well-diversified earnings in terms of geography and business areas.

### Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 19.0 per cent (19.4). 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 SFSA – was 16.7 per cent per the end of the quarter. The Bank aims to have a buffer of around 150 basis points above the capital requirement. Currently the buffer is 230 basis points.

The following table shows the risk exposure amount (REA) and capital ratios according to Basel III:

Own funds requirement, Basel III	Mar	Dec	Mar
	2018	2017	2017
Risk exposure amount, SEK bn	615	611	610
Common Equity Tier 1 capital ratio, %	19.0	19.4	18.9
Tier 1 capital ratio, %	21.3	21.6	22.2
Total capital ratio, %	24.1	24.2	25.9
Leverage ratio, %	4.6	5.2	4.7

Total REA increased by SEK 4bn to SEK 615bn in the first quarter. Foreign exchange movements and some increase in credit volumes contributed to higher credit risk REA. The increase was largely offset by the effects from improved asset quality and the implementation of IFRS 9.

During the quarter, the SFSA approved SEB's application to use a revised internal model for corporate

exposure risk-weights, which, as expected, increased REA by SEK 16bn. The additional REA amount that was established by SEB in 2015 in agreement with the SFSA, and which at year-end amounted to SEK 15.8bn, was removed. Furthermore, SFSA's related temporary Pillar 2 capital buffer requirement, which has been 0.5 per cent, was discontinued.

The total cumulative effect from implementing IFRS 9 amounted to SEK 3,280m which reduced the equity opening balance at 1 January 2018. The effect from implementing IFRS 15 did not affect the capital adequacy.

The SFSA has proposed a change in its regulation requiring a risk weight floor for Swedish mortgages. The current Pillar 2 capital requirement is proposed to be changed to a Pillar 1 requirement. The purpose is to ensure that all actors on the Swedish mortgage market have the same capital requirements. SEB is monitoring this development and is participating in the discussion, the result of which is expected to be entered into force per 31 December 2018.

#### **Comments on the effect on capital adequacy from IFRS 9**

*There were three main financial effects on capital from IFRS 9:*

- 1. Certain holdings in Treasury will no longer be held at fair value. This decreased the 1 January 2018 opening balance of equity by SEK 264m.*
- 2. Bonds issued by SEB AG maturing beyond the year 2020 will no longer be held at amortised cost. The change to fair value reduced the 1 January 2018 opening balance of retained earnings by SEK 1,847m.*
- 3. The change of the impairment model for credit losses resulted in an increase of the expected credit loss allowance at an amount of SEK 1,578m, after tax SEK 1,170m, which reduced the 1 January 2018 opening balance of retained earnings.*

*On the capital side, total REA decreased by SEK 5bn due to lower capital requirements for defaulted exposures. Furthermore, the capital requirement that any shortfall between accounting provisions and regulatory expected losses shall adjust capital was affected in the way that the first time application of the net expected credit loss model had a positive effect of SEK 30m.*

*In total, the effect from these changes reduced SEB's CET1 ratio by 18 basis points.*

## Other information

### 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.

### Resolution fund fee requirement changes

Swedish authorities have decided that the resolution fund fee for 2018 shall be 0.125 per cent applied to the adjusted 2016 balance sheet volumes. The fee will be reduced to 0.09 per cent for 2019 and to 0.05 per cent from 2020 until the fund target is met. The fund target level, which is proposed to be 3 per cent of guaranteed deposits in Sweden, is expected to be reached by the year 2025.

### Divestment of SEB Pension Denmark

On 14 December 2017 SEB signed an agreement to sell all shares in SEB Pensionsforsikring A/S and SEB Administration A/S (SEB Pension) to Danica Pension livsforsikringsaktieselskab (Danica, a subsidiary to Danske Bank) for total proceeds of DKK 6.5bn, consisting of a cash consideration of DKK 5.0bn and a pre-closing dividend of DKK 1.5bn. The pre-closing dividend will be in addition to the dividend of DKK 1.1bn which SEB received in 2017.

As per the end of the first quarter 2018, assets under management by SEB Pension amounted to DKK 100bn, and the net profit contribution was DKK 57m for the quarter. The effect of the divestment on key financial ratios, on a pro forma basis will be limited. The divestment reduces SEB's exposure to market risk.

The completion of the sale is among other things conditional upon regulatory approvals and certain preparations for separation and is currently expected to occur during the summer of 2018.

There was no profit or loss effect from the transaction yet, but the assets and liabilities pertaining to SEB Pension were reclassified to Assets and liabilities held for sale as of the fourth quarter.

### 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 2017 (see page 44-49 and notes 17, 19 and 20), in the Capital Adequacy and Risk Management Report for 2017 and the quarterly additional Pillar 3 disclosures. Further information is presented in the Fact Book on a quarterly basis.

The outlook for the world economy is still positive, while the geopolitical uncertainty remains. The possibility of trade disputes has increased during this quarter. The large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks world-wide may create direct and indirect effects that are difficult to assess. There are signs that the Swedish central bank may not further cut interest rates and may introduce a hike during 2019. There are also signs of a slow-down in the residential Swedish real estate market.

The German Federal Ministry of Finance issued a circular on 17 July 2017 with administrative guidance in relation to withholding taxes on dividends in connection with certain cross-border securities lending and derivative transactions. The circular states an intention to examine transactions executed prior to the change in tax legislation that was enacted 1 January 2016. Following a review, SEB is of the opinion that the cross-border securities lending and derivative transactions of SEB up until 1 January 2016 were conducted in compliance with then prevailing rules. It can nevertheless not be ruled out that a change in policy of German authorities may have financial effects on SEB.

### Subsequent events

On 20 April 2018, Moody's announced that their rating of SEB's long-term senior unsecured debt was uplifted one notch to Aa2 from Aa3.

On 24 April 2018, it was announced that the listed Finnish credit information company Asiakastieto Group Plc ("Asiakastieto") has reached an agreement with all owners of UC AB ("UC") to acquire UC. SEB owns 28 per cent of the shares in UC and will receive 2,441,920 shares in Asiakastieto, equivalent to 10.2 per cent of the company, and SEK 0.3bn in cash. The transaction will result in a capital gain of around SEK 0.9bn expected to be recognised in SEB's result in the second quarter of 2018 (final amount based on current share price and the EUR/SEK exchange rate). The transaction is subject to approval from the competition authorities.

Christoffer Malmer, currently co-head of the Corporate & Private Customer division has been appointed to lead a strategic initiative to explore new technologies, alternative technical platforms and customer offerings under the project name of SEB X. He will assume his new role as of 1 May 2018 and will continue to report to Johan Torgeby, but will leave the Group Executive Committee.



## Stockholm, 30 April 2018

*The President declares that the Interim Report for the period 1 January through 31 March 2018 provides a fair overview of the Parent Company's and the Group's operations, their financial position and results and describes 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 held at 9.00 CEST on 30 April 2018, at Kungsträdgårdsgatan 8 with the President and CEO Johan Torgeby can be followed live in Swedish on [sebgroup.com/sv/ir](http://sebgroup.com/sv/ir). A simultaneous translation into English will be available on [sebgroup.com/ir](http://sebgroup.com/ir). A replay will also be available afterwards.

### Access to telephone conference

The telephone conference at 11.00 CEST 30 April 2018 with the President and CEO, Johan Torgeby, the CFO Jan Erik Back and the Head of Investor Relations, Christoffer Geijer, can be accessed by telephone, +44(0)1452 555 566. Please quote conference id: 9184538 and call at least 10 minutes in advance. A replay of the conference call will be available on [sebgroup.com/ir](http://sebgroup.com/ir).

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**Further financial information is available in SEB's Fact Book and in the additional Pillar 3 disclosures which are published quarterly on [sebgroup.com/ir](http://sebgroup.com/ir).**

### Financial information calendar 2018

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

The silent period starts 7 July  
The silent period starts 8 October

The financial information calendar for 2019 will be published in conjunction with the Interim Report for January-September 2018.

## 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 2018 there are significant changes to the accounting policies from the application of IFRS 9 Financial Instruments and of IFRS 15 Revenue from Contracts with Customers, see notes 1 and 1a in the

Annual Report 2017. For information about transitional effects from IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, please see page 37 in the Annual Report 2017 and the transition disclosure on pages 31-38. There are also some smaller changes to IFRS; IFRS 2 Share-based Payment has been amended regarding classification and measurement of share-based payment transactions. IAS 40 has been amended with clarification when transfers of investment property can be made. IFRIC 22 Foreign Currency Transactions and Advance Consideration has been issued clarifying which exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. Within the annual improvement cycle 2014–2016 IAS 28 Investments in associates and Joint Ventures has been clarified regarding the measurement of an associate or joint venture at fair value. These amendments have been applied from 1 January 2018 and have 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 2017 Annual Report.

## Review report

We have reviewed this Interim Report for the period 1 January through 31 March 2018 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 30 April 2018

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
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Net interest income	4 988	5 184	-4				4 988	4 716	6	19 893
Net fee and commission income	4 190	4 728	-11				4 190	4 249	-1	17 677
Net financial income	1 455	1 630	-11				1 455	2 063	-29	6 880
Net other income	153	305	-50				153	157	-3	1 112
<b>Total operating income</b>	<b>10 787</b>	<b>11 847</b>	<b>-9</b>				<b>10 787</b>	<b>11 184</b>	<b>-4</b>	<b>45 561</b>
Staff costs	-3 516	-3 523	0				-3 516	-3 590	-2	-14 025
Other expenses	-1 733	-1 830	-5				-1 733	-1 657	5	-6 947
Depreciation, amortisation and impairment of tangible and intangible assets	-181	-252	-28				-181	-189	-4	-964
<b>Total operating expenses</b>	<b>-5 430</b>	<b>-5 605</b>	<b>-3</b>				<b>-5 430</b>	<b>-5 436</b>	<b>0</b>	<b>-21 936</b>
<b>Profit before credit losses</b>	<b>5 357</b>	<b>6 242</b>	<b>-14</b>				<b>5 357</b>	<b>5 748</b>	<b>-7</b>	<b>23 625</b>
Gains less losses from tangible and intangible assets	8	-37					8	-34		-162
Net expected credit losses <sup>1)</sup>	-109						-109			
Net credit losses <sup>2)</sup>		-105						-204		-808
<b>Operating profit before items affecting comparability</b>	<b>5 256</b>	<b>6 101</b>	<b>-14</b>				<b>5 256</b>	<b>5 510</b>	<b>-5</b>	<b>22 655</b>
Items affecting comparability		-1 896	-100							-1 896
<b>Operating profit</b>	<b>5 256</b>	<b>4 204</b>	<b>25</b>				<b>5 256</b>	<b>5 510</b>	<b>-5</b>	<b>20 759</b>
Income tax expense	-1 261	-1 032	22				-1 261	-1 239	2	-4 562
<b>NET PROFIT</b>	<b>3 995</b>	<b>3 172</b>	<b>26</b>				<b>3 995</b>	<b>4 271</b>	<b>-6</b>	<b>16 197</b>
Attributable to shareholders	3 995	3 172	26				3 995	4 271		16 197
Basic earnings per share, SEK	1.84	1.46					1.84	1.97		7.47
Diluted earnings per share, SEK	1.83	1.46					1.83	1.96		7.44

1) Based on IFRS 9 expected loss model.

2) Based on IAS 39 incurred loss model.

## Statement of comprehensive income – SEB Group

SEK m	Q1			Q4			Jan–Mar			Full year
	2018	2017	%	2018	2017	%	2018	2017	%	2017
<b>NET PROFIT</b>	<b>3 995</b>	<b>3 172</b>	<b>26</b>				<b>3 995</b>	<b>4 271</b>	<b>-6</b>	<b>16 197</b>
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets		-729						32		-909
Cash flow hedges	-259	-261	-1				-259	-351	-26	-1 207
Translation of foreign operations	840	230					840	1		296
<i>Items that will not be reclassified to the income statement:</i>										
OCA <sup>1)</sup>	12						12			
Defined benefit plans	295	-927					295	1 530	-81	784
<b>OTHER COMPREHENSIVE INCOME</b>	<b>887</b>	<b>-1 688</b>					<b>887</b>	<b>1 212</b>	<b>-27</b>	<b>-1 036</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4 882</b>	<b>1 484</b>					<b>4 882</b>	<b>5 483</b>	<b>-11</b>	<b>15 160</b>
Attributable to shareholders	4 882	1 484					4 882	5 483	-11	15 160

1) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk.

## Balance sheet – SEB Group

SEK m	31 Mar 2018	1 Jan <sup>3)</sup> 2018	31 Dec 2017	31 Mar 2017	1 Jan <sup>4)</sup> 2017
Cash and cash balances with central banks	244 283	177 222	177 222	319 483	151 078
Loans to central banks	7 785	12 778	12 778	5 945	66 730
Loans to credit institutions <sup>2)</sup>	89 808	38 715	38 717	102 551	79 323
Loans to the public	1 607 055	1 485 808	1 486 765	1 503 024	1 438 295
Debt securities	231 013	168 928	169 269	351 306	253 443
Equity instruments	64 250	59 204	59 204	85 773	74 172
Financial assets for which the customers bear the investment risk	284 140	283 420	283 420	304 997	295 908
Derivatives	130 172	104 868	104 868	174 762	212 356
Other assets	244 758	224 662	224 664	76 362	46 701
<b>TOTAL ASSETS</b>	<b>2 903 264</b>	<b>2 555 605</b>	<b>2 556 908</b>	<b>2 924 203</b>	<b>2 618 006</b>
Deposits from central banks and credit institutions <sup>1)</sup>	130 296	95 504	95 489	194 025	149 786
Deposits and borrowings from the public <sup>1)</sup>	1 190 991	1 034 704	1 032 048	1 119 912	962 028
Financial liabilities for which the customers bear the investment risk	285 518	284 291	284 291	306 307	296 618
Liabilities to policyholders	19 879	18 911	18 911	108 316	107 213
Debt securities issued	689 995	614 087	614 033	730 910	668 880
Short positions	44 017	24 985	24 985	43 200	19 598
Derivatives	109 619	85 434	85 434	138 885	174 652
Other financial liabilities	3 795	3 894	3 894	18 790	19 247
Other liabilities	298 958	255 836	256 585	131 790	81 649
<b>Total liabilities</b>	<b>2 773 067</b>	<b>2 417 647</b>	<b>2 415 671</b>	<b>2 792 135</b>	<b>2 479 670</b>
<b>Total equity</b>	<b>130 196</b>	<b>137 958</b>	<b>141 237</b>	<b>132 068</b>	<b>138 336</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 903 264</b>	<b>2 555 605</b>	<b>2 556 908</b>	<b>2 924 203</b>	<b>2 618 006</b>
1) Deposits covered by deposit guarantees.	273 826	285 439	285 439	272 698	252 815

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

3) IFRS 9 Financial Instruments is applied from 1 January 2018.

4) IFRS 15 Revenue from Contracts with Customers is applied retrospectively from 1 January 2018.

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

## Pledged assets and obligations – SEB Group

SEK m	31 Mar 2018	31 Dec 2017	31 Mar 2017
Pledged assets for own liabilities <sup>1)</sup>	464 109	477 220	490 992
Pledged assets for liabilities to insurance policyholders	444 444	436 890	414 623
Other pledged assets <sup>2)</sup>	148 019	136 998	198 736
<b>Pledged assets</b>	<b>1 056 573</b>	<b>1 051 109</b>	<b>1 104 351</b>
Contingent liabilities <sup>3)</sup>	128 105	122 896	122 133
Commitments	591 975	563 181	711 016
<b>Obligations</b>	<b>720 081</b>	<b>686 077</b>	<b>833 149</b>

1) Of which collateralised for own issued covered bonds SEK 377,576m (355,587/357,780).

2) Of which securities lending SEK 69,997m (59,443/98,774) and pledged but unencumbered bonds SEK 55,975m (57,390/84,000).

3) Of which financial guarantees SEK 27,490m (22,145/25,315).

## Key figures – SEB Group

	Q1	Q4	Jan–Mar		Full year
	2018	2017	2018	2017	2017
Return on equity, %	11.63	8.97	11.63	12.31	11.70
Return on equity excluding items affecting comparability <sup>1)</sup> , %	11.60	13.68	11.60	12.19	12.86
Return on total assets, %	0.57	0.45	0.57	0.60	0.57
Return on risk exposure amount, %	2.62	2.07	2.62	2.81	2.64
Cost/income ratio	0.50	0.47	0.50	0.49	0.48
Basic earnings per share, SEK	1.84	1.46	1.84	1.97	7.47
Weighted average number of shares <sup>2)</sup> , millions	2 166	2 168	2 166	2 169	2 168
Diluted earnings per share, SEK	1.83	1.46	1.83	1.96	7.44
Weighted average number of diluted shares <sup>3)</sup> , millions	2 178	2 179	2 178	2 179	2 178
Net worth per share, SEK	69.49	73.60	69.49	68.99	73.60
Equity per share, SEK	60.13	65.18	60.13	60.86	65.18
Average shareholders' equity, SEK, billion	137.4	141.5	137.4	138.8	138.5
Net ECL level, %	0.02		0.02		
Credit loss level, %		0.03		0.05	0.05
Liquidity Coverage Ratio (LCR) <sup>4)</sup> , %	138	145	138	133	145
<u>Own funds requirement, Basel III</u>					
Risk exposure amount, SEK m	615 308	610 819	615 308	610 047	610 819
Expressed as own funds requirement, SEK m	49 225	48 866	49 225	48 804	48 866
Common Equity Tier 1 capital ratio, %	19.0	19.4	19.0	18.9	19.4
Tier 1 capital ratio, %	21.3	21.6	21.3	22.2	21.6
Total capital ratio, %	24.1	24.2	24.1	25.9	24.2
Leverage ratio, %	4.6	5.2	4.6	4.7	5.2
Number of full time equivalents <sup>5)</sup>	14 820	14 951	14 858	15 006	14 946
Assets under custody, SEK bn	7 985	8 046	7 985	7 463	8 046
Assets under management, SEK bn	1 854	1 830	1 854	1 800	1 830

1) Settlement of sale of shares in VISA Europe in Sweden, transformation of SEB's German business and impairments and derecognitions of intangible IT assets in Q4 2017.

2) The number of issued shares was 2,194,171,802. SEB owned 27,125,923 Class A shares for the equity based programmes at year-end 2017. During 2018 SEB has purchased 3,600,000 shares and 1,777,297 shares have been sold. Thus, at 31 March 2018 SEB owned 28,948,626 Class A-shares with a market value of SEK 2,531m.

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

4) According to valid regulations for respective period.

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

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

## Income statement on quarterly basis - SEB Group

SEK m	Q1	Q4	Q3	Q2	Q1
	2018	2017	2017	2017	2017
Net interest income	4 988	5 184	5 080	4 913	4 716
Net fee and commission income	4 190	4 728	4 029	4 671	4 249
Net financial income	1 455	1 630	1 726	1 461	2 063
Net other income	153	305	308	341	157
<b>Total operating income</b>	<b>10 787</b>	<b>11 847</b>	<b>11 144</b>	<b>11 386</b>	<b>11 184</b>
Staff costs	-3 516	-3 523	-3 378	-3 533	-3 590
Other expenses	-1 733	-1 830	-1 719	-1 741	-1 657
Depreciation, amortisation and impairment of tangible and intangible assets	- 181	- 252	- 325	- 199	- 189
<b>Total operating expenses</b>	<b>-5 430</b>	<b>-5 605</b>	<b>-5 423</b>	<b>-5 473</b>	<b>-5 436</b>
<b>Profit before credit losses</b>	<b>5 357</b>	<b>6 242</b>	<b>5 721</b>	<b>5 913</b>	<b>5 748</b>
Gains less losses from tangible and intangible assets	8	- 37	- 54	- 37	- 34
Net expected credit losses <sup>1)</sup>	- 109				
Net credit losses <sup>2)</sup>		- 105	- 284	- 214	- 204
<b>Operating profit before items affecting comparability</b>	<b>5 256</b>	<b>6 101</b>	<b>5 383</b>	<b>5 661</b>	<b>5 510</b>
Items affecting comparability		-1 896			
<b>Operating profit</b>	<b>5 256</b>	<b>4 204</b>	<b>5 383</b>	<b>5 661</b>	<b>5 510</b>
Income tax expense	-1 261	-1 032	-1 138	-1 153	-1 239
<b>Net profit</b>	<b>3 995</b>	<b>3 172</b>	<b>4 246</b>	<b>4 508</b>	<b>4 271</b>
Attributable to shareholders	3 995	3 172	4 246	4 508	4 271
Basic earnings per share, SEK	1.84	1.46	1.96	2.08	1.97
Diluted earnings per share, SEK	1.83	1.46	1.95	2.07	1.96

1) Based on IFRS 9 expected loss model.

2) Based on IAS 39 incurred loss model.

## Income statement by division – SEB Group

Jan-Mar 2018, SEK m	Large		Baltic	Life & Investment Management	Other <sup>1)</sup>	Eliminations	SEB Group
	Corporates & Financial Institutions	Corporate & Private Customers					
Net interest income	1 738	2 286	646	- 12	437	- 106	4 988
Net fee and commission income	1 373	1 326	327	1 161	10	- 8	4 190
Net financial income	944	98	53	304	43	15	1 455
Net other income	46	7	- 1	12	91	- 1	153
<b>Total operating income</b>	<b>4 101</b>	<b>3 717</b>	<b>1 025</b>	<b>1 465</b>	<b>581</b>	<b>- 101</b>	<b>10 787</b>
Staff costs	- 914	- 840	- 179	- 409	- 1 179	4	- 3 516
Other expenses	- 1 272	- 896	- 253	- 232	825	97	- 1 733
Depreciation, amortisation and impairment of tangible and intangible assets	- 13	- 14	- 13	- 9	- 133		- 181
<b>Total operating expenses</b>	<b>- 2 199</b>	<b>- 1 750</b>	<b>- 445</b>	<b>- 650</b>	<b>- 488</b>	<b>101</b>	<b>- 5 430</b>
<b>Profit before credit losses</b>	<b>1 902</b>	<b>1 967</b>	<b>580</b>	<b>815</b>	<b>93</b>	<b>0</b>	<b>5 357</b>
Gains less losses from tangible and intangible assets			8				8
Net expected credit losses <sup>2)</sup>	- 46	- 87	17	- 1	- 15	23	- 109
<b>Operating profit before items affecting comparability</b>	<b>1 856</b>	<b>1 880</b>	<b>605</b>	<b>814</b>	<b>79</b>	<b>23</b>	<b>5 256</b>
Items affecting comparability							
<b>Operating profit</b>	<b>1 856</b>	<b>1 880</b>	<b>605</b>	<b>814</b>	<b>79</b>	<b>23</b>	<b>5 256</b>

1) Other consists of business support, treasury, staff units and German run-off operations.

2) Based on IFRS 9 expected loss model.

## Large Corporates & Financial Institutions

The division offers commercial and investment banking services to large corporate and institutional clients, in the Nordic region, Germany and the United Kingdom. Customers are also served through an international network in some 20 offices.

### Income statement

SEK m	Q1			Q4			Jan — Mar			Full year
	2018	2017	%	2018	2017	%	2018	2017	%	
Net interest income	1 738	1 972	-12	1 738	2 043	-15	1 738	2 043	-15	8 043
Net fee and commission income	1 373	1 619	-15	1 373	1 530	-10	1 373	1 530	-10	6 236
Net financial income	944	866	9	944	957	-1	944	957	-1	3 465
Net other income	46	205	-78	46	32	43	46	32	43	573
<b>Total operating income</b>	<b>4 101</b>	<b>4 662</b>	<b>-12</b>	<b>4 101</b>	<b>4 563</b>	<b>-10</b>	<b>4 101</b>	<b>4 563</b>	<b>-10</b>	<b>18 318</b>
Staff costs	-914	-959	-5	-914	-1 019	-10	-914	-1 019	-10	-3 862
Other expenses	-1 272	-1 265	1	-1 272	-1 245	2	-1 272	-1 245	2	-5 046
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-16	-19	-13	-13	4	-13	-13	4	-59
<b>Total operating expenses</b>	<b>-2 199</b>	<b>-2 240</b>	<b>-2</b>	<b>-2 199</b>	<b>-2 277</b>	<b>-3</b>	<b>-2 199</b>	<b>-2 277</b>	<b>-3</b>	<b>-8 967</b>
<b>Profit before credit losses</b>	<b>1 902</b>	<b>2 422</b>	<b>-21</b>	<b>1 902</b>	<b>2 285</b>	<b>-17</b>	<b>1 902</b>	<b>2 285</b>	<b>-17</b>	<b>9 351</b>
Gains less losses from tangible and intangible assets					1			1		1
Net expected credit losses	-46			-46			-46			
Net credit losses		-20			-144			-144		-529
<b>Operating profit before Items affecting comparability</b>	<b>1 856</b>	<b>2 402</b>	<b>-23</b>	<b>1 856</b>	<b>2 142</b>	<b>-13</b>	<b>1 856</b>	<b>2 142</b>	<b>-13</b>	<b>8 823</b>
Items affecting comparability										
<b>Operating profit</b>	<b>1 856</b>	<b>2 402</b>	<b>-23</b>	<b>1 856</b>	<b>2 142</b>	<b>-13</b>	<b>1 856</b>	<b>2 142</b>	<b>-13</b>	<b>8 823</b>
Cost/Income ratio	0.54	0.48		0.54	0.50		0.54	0.50		0.49
Business equity, SEK bn	63.0	64.9		63.0	66.1		63.0	66.1		65.8
Return on business equity, %	8.8	11.1		8.8	9.7		8.8	9.7		10.1
Number of full time equivalents <sup>1)</sup>	1 971	2 028		1 969	2 066		1 969	2 066		2 049

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

- Corporate clients were cautious in a cash rich market environment
- Market activity dampened by the implementation of MiFID II
- Operating profit amounted to SEK 1,856m and return on business equity was 8.8 per cent

### Comments on the first quarter

The quarter was characterised by a declining and more volatile stock market but continued low volatility and suppressed activity in other asset classes; although an uptick was visible in the second half of the quarter.

*Large Corporate* activity remained subdued and cash rich clients stayed cautious. There was high activity in the Private Equity market driven by abundant investor liquidity. However, European issuance levels were down compared to the record levels in early 2017.

*Financial Institutions* focal point of the quarter was the implementation of MiFID II. In combination with the low volatility this depressed activity particularly in the start of the year. Primary issuance of debt and placing in equity securities picked up during the quarter. The increasing demand for sustainability linked services continued in the quarter making SEB's role as advisor even more important. Assets under custody amounted to SEK 7,985bn (8,046).

The transformation of the German subsidiary to a branch of SEB was effective 2 January 2018. In terms of open banking, the first version of SEB's developer portal was released. It will provide a platform for external developers to build solutions that incorporate payment and account information at SEB.

Operating income decreased to SEK 4,101m compared to the strong first quarter in 2017. Net interest income decreased to SEK 1,738m, affected by increased resolution fund fees. Net fee and commission income was SEK 1,373m, a decrease mainly explained by a strong first quarter 2017. Net financial income was in line with previous year. Operating expenses decreased with 3 per cent year-on-year due to lower staff costs. Net expected credit losses of SEK 46m continued to be on historically low levels with an expected credit loss level of 2 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
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Net interest income	2 286	2 320	-1	2 286	2 330	-2	2 286	2 330	-2	9 442
Net fee and commission income	1 326	1 472	-10	1 326	1 393	-5	1 326	1 393	-5	5 678
Net financial income	98	113	-14	98	108	-9	98	108	-9	441
Net other income	7	23	-69	7	14	-48	7	14	-48	87
<b>Total operating income</b>	<b>3 717</b>	<b>3 929</b>	<b>-5</b>	<b>3 717</b>	<b>3 845</b>	<b>-3</b>	<b>3 717</b>	<b>3 845</b>	<b>-3</b>	<b>15 648</b>
Staff costs	-840	-827	2	-840	-854	-2	-840	-854	-2	-3 298
Other expenses	-896	-1 017	-12	-896	-926	-3	-896	-926	-3	-3 872
Depreciation, amortisation and impairment of tangible and intangible assets	-14	-13	5	-14	-15	-7	-14	-15	-7	-57
<b>Total operating expenses</b>	<b>-1 750</b>	<b>-1 857</b>	<b>-6</b>	<b>-1 750</b>	<b>-1 795</b>	<b>-3</b>	<b>-1 750</b>	<b>-1 795</b>	<b>-3</b>	<b>-7 226</b>
<b>Profit before credit losses</b>	<b>1 967</b>	<b>2 072</b>	<b>-5</b>	<b>1 967</b>	<b>2 051</b>	<b>-4</b>	<b>1 967</b>	<b>2 051</b>	<b>-4</b>	<b>8 422</b>
Gains less losses from tangible and intangible	0	0		0	0		0	0		
Net expected credit losses	-87			-87			-87			
Net credit losses		-60			-81			-81		-276
<b>Operating profit before items affecting comparability</b>	<b>1 880</b>	<b>2 012</b>	<b>-7</b>	<b>1 880</b>	<b>1 969</b>	<b>-5</b>	<b>1 880</b>	<b>1 969</b>	<b>-5</b>	<b>8 146</b>
Items affecting comparability										
<b>Operating profit</b>	<b>1 880</b>	<b>2 012</b>	<b>-7</b>	<b>1 880</b>	<b>1 969</b>	<b>-5</b>	<b>1 880</b>	<b>1 969</b>	<b>-5</b>	<b>8 146</b>
Cost/Income ratio	0.47	0.47		0.47	0.47		0.47	0.47		0.46
Business equity, SEK bn	41.1	40.7		41.1	40.4		41.1	40.4		40.6
Return on business equity, %	13.7	14.8		13.7	14.6		13.7	14.6		15.0
Number of full time equivalents <sup>1)</sup>	3 559	3 548		3 560	3 510		3 560	3 510		3 531

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

- Growth in both the corporate and household lending portfolios
- Personal as well as digital advisory services remain in focus and a robo advisory tool was launched
- Operating profit amounted to SEK 1,880m and return on business equity was 13.7 per cent

### Comments on the first quarter

Customer activity was high, driven by increased interaction via the 24/7 personal contact centre and in digital channels. Mobile interactions once again reached an all-time high for both the private and corporate customer segments.

In the *private segment*, around 25 per cent of new customers chose to on-board digitally in the quarter. Household mortgage lending was up by SEK 4bn and reached SEK 472bn. In the *corporate segment*, the demand for lending continued to grow and total volumes amounted to SEK 228bn (221). The number of full-service corporate customers reached 160,600 (158,800)<sup>2)</sup>.

SEB took another step towards enabling a self-service offering by launching a robo advisory tool for private customers, providing an overview of their economy as well as advice on how to improve it. SEB also introduced a savings guide to support private customers. On the corporate side, SEB launched digital signing, allowing customers to sign a number of business

agreements digitally. Scale-up Lab, a programme that aims to assist entrepreneurs and companies with their growth agendas, was added to SEB's corporate service concept Greenhouse.

Assets under management increased as a result of new net inflows driven by Private Banking. Customers grew more cautious and increased their demand for low-risk investments. Total deposit volumes increased to SEK 387bn (385).

Net interest income was affected by higher resolution fees and decreased to SEK 2,286m. Net fee and commission income was negatively affected by lower retrocessions from the fund companies related to MiFID II inducement restrictions. Operating expenses decreased by 3 per cent whereas expected credit losses were low at SEK 87m, corresponding to an expected credit loss level of 4 basis points.

<sup>2)</sup> Revised definition of full-service corporate customer.

## 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
	2018	2017	%	%	2018	2017	%	
Net interest income	646	640	1		646	552	17	2 373
Net fee and commission income	327	355	-8		327	307	7	1 320
Net financial income	53	60	-12		53	62	-15	231
Net other income						3		2
<b>Total operating income</b>	<b>1 026</b>	<b>1 055</b>	<b>-3</b>		<b>1 026</b>	<b>924</b>	<b>11</b>	<b>3 926</b>
Staff costs	-176	-183	-4		-176	-177	-1	-711
Other expenses	-252	-217	16		-252	-245	3	-959
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-34	-62		-13	-13	-3	-77
<b>Total operating expenses</b>	<b>-441</b>	<b>-434</b>	<b>2</b>		<b>-441</b>	<b>-435</b>	<b>1</b>	<b>-1 746</b>
<b>Profit before credit losses</b>	<b>585</b>	<b>621</b>	<b>-6</b>		<b>585</b>	<b>489</b>	<b>20</b>	<b>2 180</b>
Gains less losses from tangible and intangible assets	2				2	1		-5
Net expected credit losses	17				17			
Net credit losses		-26				19		-7
<b>Operating profit before Items affecting comparability</b>	<b>604</b>	<b>595</b>	<b>2</b>		<b>604</b>	<b>508</b>	<b>19</b>	<b>2 167</b>
Items affecting comparability								
<b>Operating profit</b>	<b>604</b>	<b>595</b>	<b>2</b>		<b>604</b>	<b>508</b>	<b>19</b>	<b>2 167</b>
Cost/Income ratio	0.43	0.41			0.43	0.47		0.44
Business equity, SEK bn	8.5	8.1			8.5	7.6		7.8
Return on business equity, %	23.5	26.0			23.5	23.4		24.4
Number of full time equivalents <sup>1)</sup>	2 344	2 386			2 360	2 405		2 406

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

### Baltic Division (incl. RHC)

<b>Operating profit before Items affecting comparability</b>	<b>605</b>	<b>552</b>	<b>10</b>		<b>605</b>	<b>465</b>	<b>30</b>	<b>1 977</b>
Items affecting comparability								
<b>Operating profit</b>	<b>605</b>	<b>552</b>	<b>10</b>		<b>605</b>	<b>465</b>	<b>30</b>	<b>1 977</b>
Cost/Income ratio	0.43	0.42			0.43	0.48		0.45
Business equity, SEK bn	8.6	8.1			8.6	7.8		8.0
Return on business equity, %	23.4	23.9			23.4	21.0		21.9
Number of full time equivalents <sup>1)</sup>	2 367	2 409			2 383	2 431		2 431

- Continued robust GDP growth in the Baltic countries with demand for household and corporate lending
- Open Banking, robotics process automation and new mobile bank app
- Operating profit amounted to SEK 604m and return on business equity was 23.5 per cent

### Comments on the first quarter

The strength of the Baltic economies continued during the first quarter with expanding economic activity.

The strategic focus on Open Banking opportunities, process digitalisation and improved customer experience continued. Open Banking hackathon events were organized in all Baltic countries. SEB released a new mobile bank app with improved functionality. The number of active mobile app users reached 292,000 (248,000). The number of home banking customers was 1,010,000 (1,019,000).

Lending volumes amounted to SEK 137bn (129) and there was an increase in mortgage and corporate

lending portfolios in all three Baltic banks. Despite low interest rates deposits increased to SEK 119bn (114), mainly driven by increased savings in the private segment. There is a currency effect in business volumes. Net interest income increased by 17 per cent due to increased volumes and higher margins on new lending. Net fee and commission income was 7 per cent higher as a result of increased customer activity in card usage and service pricing. The asset quality was strong, and the operating profit increased by 19 per cent. The real estate holding companies (RHC) held assets with a total book value of SEK 161m (279).

## 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
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Net interest income	-12	-24	-50	-12	-19	-36	-12	-19	-36	-90
Net fee and commission income	1 161	1 295	-10	1 161	1 024	13	1 161	1 024	13	4 471
Net financial income	304	404	-25	304	364	-17	304	364	-17	1 674
Net other income	12	5	166	12	14	-16	12	14	-16	17
<b>Total operating income</b>	<b>1 465</b>	<b>1 679</b>	<b>-13</b>	<b>1 465</b>	<b>1 384</b>	<b>6</b>	<b>1 465</b>	<b>1 384</b>	<b>6</b>	<b>6 072</b>
Staff costs	-409	-402	2	-409	-382	7	-409	-382	7	-1 561
Other expenses	-232	-264	-12	-232	-220	5	-232	-220	5	-963
Depreciation, amortisation and impairment of tangible and intangible assets	-9	-10	-8	-9	-9	3	-9	-9	3	-37
<b>Total operating expenses</b>	<b>-650</b>	<b>-676</b>	<b>-4</b>	<b>-650</b>	<b>-611</b>	<b>6</b>	<b>-650</b>	<b>-611</b>	<b>6</b>	<b>-2 561</b>
<b>Profit before credit losses</b>	<b>815</b>	<b>1 003</b>	<b>-19</b>	<b>815</b>	<b>773</b>	<b>5</b>	<b>815</b>	<b>773</b>	<b>5</b>	<b>3 511</b>
assets										
Net expected credit losses	-1			-1			-1			
Net credit losses										
<b>Operating profit before items affecting comparability</b>	<b>814</b>	<b>1 003</b>	<b>-19</b>	<b>814</b>	<b>773</b>	<b>5</b>	<b>814</b>	<b>773</b>	<b>5</b>	<b>3 511</b>
Items affecting comparability										
<b>Operating profit</b>	<b>814</b>	<b>1 003</b>	<b>-19</b>	<b>814</b>	<b>773</b>	<b>5</b>	<b>814</b>	<b>773</b>	<b>5</b>	<b>3 511</b>
Cost/Income ratio	0.44	0.40		0.44	0.44		0.44	0.44		0.42
Business equity, SEK bn	8.3	8.5		8.3	8.4		8.3	8.4		8.4
Return on business equity, %	33.8	40.8		33.8	31.5		33.8	31.5		35.8
Number of full time equivalents <sup>1)</sup>	1 472	1 491		1 480	1 479		1 480	1 479		1 478

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

- SEB selected as supplier to ITP, a white-collar collective pension agreement in Sweden
- Continued inflows from institutional clients
- Operating profit amounted to SEK 814m and return on business equity was 33.8 per cent

### Comments on the first quarter

The high focus on meeting customers on all distribution platforms continued with one example being the traditional insurance offering where SEB was selected as an optional supplier for all clients under the white-collar collective pension agreement (ITP) in Sweden.

*Life:* In Sweden, additional functionality was launched further supporting the digitalisation of the corporate advisory offering. In the most recent market statistics the annual new sales reached SEK 21bn (21), corresponding to a market share of 9.4 per cent (9.3 at year-end). In Denmark, preparations for the divestment of SEB Pension continued which is expected to finalise during the summer of 2018.

In the Baltic region, the product offering was further strengthened via the continued development of both more flexible and more standardised risk solutions, such as the simplified risk solution tailored for specific client needs.

*Investment Management:* In line with the development in 2017 the institutional inflows

continued. This quarter, inflows were particularly directed into fixed income and alternative products offering, partly since such products decrease customers' dependence on other listed instruments, which have recently shown higher volatility.

Net fee and commission income increased by 13 per cent. The increase was partly due to higher values of assets under management, and partly affected positively by lower retrocessions paid from the fund companies as a consequence of MiFID II restrictions on distribution fees. Net financial income decreased mainly due to higher interest rates affecting traditional insurance portfolios in Denmark and the Baltic region also further accentuated by lower risk in the Danish life portfolios. Expenses increased by 6 per cent. Operating profit improved by 5 per cent to SEK 814m. Total assets in the unit-linked insurance business increased by SEK 4bn to SEK 352bn compared to year-end 2017.

# The SEB Group

## Net interest income – SEB Group

SEK m	Q1			Q4			Jan–Mar			Full year
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Interest income <sup>1)</sup>	9 283	9 185	1				9 283	8 918	4	36 472
Interest expense	-4 295	-4 001	7				-4 295	-4 203	2	-16 580
<b>Net interest income</b>	<b>4 988</b>	<b>5 184</b>	<b>-4</b>				<b>4 988</b>	<b>4 716</b>	<b>6</b>	<b>19 893</b>
1) Whereof interest income calculated using the effective interest method	7 628	8 014	-5				7 628	7 093	8	29 735

## Net fee and commission income – SEB Group

SEK m	Q1			Q4			Jan–Mar			Full year
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Issue of securities and advisory	136	317	-57				136	282	-52	1 167
Secondary market and derivatives	514	561	-8				514	692	-26	2 565
Custody and mutual funds	1 923	2 210	-13				1 923	1 825	5	8 040
Whereof performance and transaction fees	24	225	-89				24	38	-36	357
Payments, cards, lending, deposits, guarantees and other	2 628	2 570	2				2 628	2 353	12	9 717
Whereof payments and card fees	1 410	1 429	-1				1 410	1 288	10	5 460
Whereof lending	501	602	-17				501	553	-9	2 254
Life insurance commissions	485	429	13				485	422	15	1 707
<b>Fee and commission income</b>	<b>5 687</b>	<b>6 087</b>	<b>-7</b>				<b>5 687</b>	<b>5 574</b>	<b>2</b>	<b>23 196</b>
<b>Fee and commission expense</b>	<b>-1 496</b>	<b>-1 359</b>	<b>10</b>				<b>-1 496</b>	<b>-1 326</b>	<b>13</b>	<b>-5 519</b>
<b>Net fee and commission income</b>	<b>4 190</b>	<b>4 728</b>	<b>-11</b>				<b>4 190</b>	<b>4 249</b>	<b>-1</b>	<b>17 677</b>
Whereof Net securities commissions	1 920	2 356	-19				1 920	2 094	-8	8 889
Whereof Net payments and card fees	895	908	-1				895	821	9	3 454
Whereof Net life insurance commissions	317	285	11				317	248	28	1 061

## Fee and commission income by product – SEB Group

SEK m	Large Corporates & Financial Institutions		Corporate & Private Customers	Baltic	Life & Investment Management	Other <sup>1)</sup> & eliminations	SEB Group
	<b>Jan–Mar 2018</b>						
Issue of securities and advisory		128	4	4			136
Secondary market and derivatives		395	117	7		-5	514
Custody and mutual funds		873	425	48	1 461	-884	1 923
Payments, cards, lending, deposits, guarantees and other		1 204	1 197	412	105	-290	2 628
Life insurance commissions					522	-38	485
<b>Fee and commission income</b>		<b>2 599</b>	<b>1 744</b>	<b>471</b>	<b>2 089</b>	<b>-1 216</b>	<b>5 687</b>
<b>Jan–Mar 2017</b>							
Issue of securities and advisory		272	6	3		1	282
Secondary market and derivatives		529	160	5	2	-4	692
Custody and mutual funds		984	502	40	1 312	-1 013	1 825
Payments, cards, lending, deposits, guarantees and other		1 062	1 132	380	112	-332	2 353
Life insurance commissions					535	-112	422
<b>Fee and commission income</b>		<b>2 847</b>	<b>1 799</b>	<b>429</b>	<b>1 961</b>	<b>-1 461</b>	<b>5 574</b>

<sup>1)</sup> Other consists of business support units, treasury and staff units and German run-off operations.

Revenue from contracts with customers is identified as Fee and commission income.

Fee and commission income is disaggregated in major types of service tied to primary geographical markets and operating segments.

Revenue from Issue of securities, Advisory, Secondary market, Derivatives, Payments, cards, lending and deposits are mainly recognised at a point in time. Revenue from Custody, Mutual funds and Life insurance commissions are mainly recognised over time.

## Net financial income – SEB Group

SEK m	Q1		Q4		Jan–Mar			Full year
	2018	2017	%		2018	2017	%	2017
Equity instruments and related derivatives	- 27	- 32	-13		- 27	649		1 410
Debt instruments and related derivatives	397	170	133		397	- 350		- 369
Currency and related derivatives	731	1 049	-30		731	1 367	-47	4 023
Other life insurance income, net	210	429	-51		210	378	-44	1 738
Other	145	13			145	18		78
<b>Net financial income</b>	<b>1 455</b>	<b>1 630</b>	<b>-11</b>		<b>1 455</b>	<b>2 063</b>	<b>-29</b>	<b>6 880</b>
<i>Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives<sup>1)</sup></i>	3	61	-95		3	- 61		- 210

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 175m (Q4 2017: 5) in Equity related derivatives and a corresponding effect in Debt related derivatives SEK -20m (Q4 2017: 110).

1) Own credit standing from own issued securities is as of 1 January 2018 presented in Other comprehensive income.

## Net expected credit losses – SEB Group

SEK m	Q1		Q4		Jan–Mar			Full year
	2018	2017	%		2018	2017	%	2017
<b>Impairment gains or losses<sup>1)</sup></b>	<b>- 67</b>				<b>- 67</b>			
<b>Net provisions<sup>2)</sup></b>		<b>377</b>				<b>- 116</b>		<b>12</b>
<b>Write-offs and recoveries</b>								
Total write-offs	- 700	- 628	11		- 700	- 168		-1 367
Reversals of ECL allowance	607	110			607	18		318
Write-offs not previously provided for	- 93	- 519	-82		- 93	- 149	-38	-1 050
Recovered from previous write-offs	52	37	39		52	61	-16	230
<b>Net write-offs</b>	<b>- 41</b>	<b>- 482</b>	<b>-91</b>		<b>- 41</b>	<b>- 88</b>	<b>-53</b>	<b>- 820</b>
<b>Net expected credit losses<sup>1)</sup></b>	<b>- 109</b>				<b>- 109</b>			
<b>Net credit losses<sup>2)</sup></b>		<b>- 105</b>				<b>- 204</b>		<b>- 808</b>

1) Based on IFRS 9 expected loss model. Consists of increases due to origination, decreases due to derecognition and changes due to changes in credit risk.

2) Based on IAS 39 incurred loss model.

Net ECL level, %	0.02				0.02			
Credit loss level, %		0.03				0.05		0.05

## Items affecting comparability – SEB Group

SEK m	Q1		Q4		Jan–Mar			Full year
	2018	2017	%		2018	2017	%	2017
Other income		494						494
<b>Total operating income</b>		<b>494</b>						<b>494</b>
Staff costs		-1 320						-1 320
Other expenses		- 92						- 92
Depreciation, amortisation and impairment of tangible and intangible assets		- 978						- 978
<b>Total operating expenses</b>		<b>-2 390</b>						<b>-2 390</b>
<b>Items affecting comparability</b>		<b>-1 896</b>						<b>-1 896</b>
Income tax on IAC		215						215
<b>Items affecting comparability after tax</b>		<b>-1 681</b>						<b>-1 681</b>

### Items affecting comparability 2017

The total expense in the income statement from Items affecting comparability was SEK 1,896m before tax and SEK 1,681m after tax. In total, the items affecting comparability, including the effect on other comprehensive income of SEK 494m, decreased equity by SEK 2,175m.

#### *Visa Sweden (2017 Q4)*

The settlement of the acquisition of Visa Europe by Visa Inc. consisted of a combination of cash and shares to be paid to the different Visa Europe members. In Sweden, SEB was an indirect member. In the fourth quarter a dividend of SEK 494m was received. There was no tax effect.

The holdings in Visa have been classified as Available-for-sale asset where the change in value is recognised in Other comprehensive income. The dividend received has reduced the amount in Other comprehensive income by SEK 494m.

#### *SEB's German business (2017 Q4)*

In line with previous communication, the operations in Germany were transformed and the core business was transferred from SEB AG to the German branch of the parent company, Skandinaviska Enskilda Banken AB, as per 2 January 2018. The purpose of the change is to simplify the reporting and administration of the German operations. The non-core business that was not transferred to the branch from SEB AG will be dismantled over time.

The provisions related to redundancy and excess premises amounting to a total of SEK 521m were recognised in the fourth quarter. In addition, SEB entered into an agreement to transfer the pension obligations under the defined benefit plan in SEB AG to Versicherungsverein des Bankgewerbes a.G (BVV) at a total cost of SEK 891m in the fourth quarter. The transfer will take place in the second quarter 2018.

#### *Impairment and derecognition of intangible IT assets (2017 Q4)*

In the fourth quarter, an impairment and a derecognition of intangible IT assets led to an expense in an amount of SEK 978m. The positive tax effect was SEK 215m.

## Statement of changes in equity – SEB Group

SEK m	Other reserves <sup>1)</sup>						Retained earnings	Total Shareholders' equity
	Share capital	Available-for-sale financial assets	OCA <sup>2)</sup>	Cash flow hedges	Translation of foreign operations	Defined benefit plans		
<b>Jan-Mar 2018</b>								
Opening balance	21 942	729		1 192	-897	3 379	114 892	141 237
Effect of applying IFRS 9 <sup>3)</sup>		-729	-507				-2 044	-3 280
<b>Restated balance at 1 January 2018</b>	<b>21 942</b>	<b>0</b>	<b>-507</b>	<b>1 192</b>	<b>-897</b>	<b>3 379</b>	<b>112 848</b>	<b>137 957</b>
Net profit							3 995	3 995
Other comprehensive income (net of tax)			12	-259	840	295		887
<b>Total comprehensive income</b>			<b>12</b>	<b>-259</b>	<b>840</b>	<b>295</b>	<b>3 995</b>	<b>4 882</b>
Dividend to shareholders							-12 459	-12 459
Equity-based programmes <sup>5)</sup>							-225	-225
Change in holdings of own shares							41	41
<b>Closing balance</b>	<b>21 942</b>		<b>-495</b>	<b>933</b>	<b>-57</b>	<b>3 673</b>	<b>104 200</b>	<b>130 196</b>
<b>Jan-Dec 2017</b>								
Opening balance	21 942	1 638		2 399	-1 193	2 595	113 595	140 976
Effect of applying IFRS 15 <sup>4)</sup>							-2 640	-2 640
<b>Restated balance at 1 January 2017</b>	<b>21 942</b>	<b>1 638</b>		<b>2 399</b>	<b>-1 193</b>	<b>2 595</b>	<b>110 954</b>	<b>138 335</b>
Net profit <sup>4)</sup>							16 197	16 197
Other comprehensive income (net of tax)		-909		-1 207	296	784		-1 036
<b>Total comprehensive income</b>		<b>-909</b>		<b>-1 207</b>	<b>296</b>	<b>784</b>	<b>16 197</b>	<b>15 160</b>
Dividend to shareholders							-11 935	-11 935
Equity-based programmes <sup>5)</sup>							-246	-246
Change in holdings of own shares							-78	-78
<b>Closing balance</b>	<b>21 942</b>	<b>729</b>		<b>1 192</b>	<b>-897</b>	<b>3 379</b>	<b>114 892</b>	<b>141 237</b>
<b>Jan-Mar 2017</b>								
Opening balance	21 942	1 638		2 399	-1 193	2 595	113 595	140 976
Effect of applying IFRS 15 <sup>4)</sup>							-2 640	-2 640
<b>Restated balance at 1 January 2017</b>	<b>21 942</b>	<b>1 638</b>		<b>2 399</b>	<b>-1 193</b>	<b>2 595</b>	<b>110 955</b>	<b>138 336</b>
Net profit <sup>4)</sup>							4 271	4 271
Other comprehensive income (net of tax)		32		-351	1	1 530		1 212
<b>Total comprehensive income</b>		<b>32</b>		<b>-351</b>	<b>1</b>	<b>1 530</b>	<b>4 271</b>	<b>5 483</b>
Dividend to shareholders							-11 935	-11 935
Equity-based programmes <sup>5)</sup>							92	92
Change in holdings of own shares							93	93
<b>Closing balance</b>	<b>21 942</b>	<b>1 670</b>		<b>2 048</b>	<b>-1 192</b>	<b>4 125</b>	<b>103 475</b>	<b>132 068</b>

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 dissolved Cash flow hedges or Translation of foreign operations when SEB ceases to consolidate a foreign operation. Amounts related to OCA and Defined benefit plans will not be reclassified to the income statement.

2) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk.

3) IFRS 9 Financial Instruments is applied from 1 January 2018.

4) IFRS 15 Revenue from Contracts with Customers is applied retrospectively from 1 January 2018.

5) Number of shares owned by SEB:

	Jan-Mar 2018	Jan-Dec 2017	Jan-Mar 2017
<b>Number of shares owned by SEB, million</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
Opening balance	27.1	25.2	25.2
Repurchased shares for equity-based programmes	3.6	7.0	1.9
Sold/distributed shares	-1.8	-5.0	-2.9
<b>Closing balance</b>	<b>28.9</b>	<b>27.1</b>	<b>24.2</b>

Market value of shares owned by SEB, SEK m	2 531	2 612	2 412
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In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year. 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
	2018	2017	%	2017
Cash flow from operating activities	75 831	178 501	- 58	41 526
Cash flow from investment activities	- 448	12		7 964
Cash flow from financing activities	-12 459	- 6 929	80	-20 030
<b>Net increase in cash and cash equivalents</b>	<b>62 924</b>	<b>171 584</b>	<b>- 63</b>	<b>29 460</b>
Cash and cash equivalents at the beginning of year	184 429	158 315	16	158 315
Exchange rate differences on cash and cash equivalents	7 370	- 801		- 3 346
Net increase in cash and cash equivalents	62 924	171 584	- 63	29 460
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>254 723</b>	<b>329 098</b>	<b>- 23</b>	<b>184 429</b>

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

## Financial assets and liabilities – SEB Group

SEK m	31 Mar 2018		31 Dec 2017		31 Mar 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 946 891	1 948 683	1 694 524	1 698 735	1 909 527	1 920 329
Debt securities	231 013	231 013	169 268	169 368	351 305	351 495
Equity instruments	64 250	64 250	59 203	59 203	85 773	85 773
Financial assets for which the customers bear the investment risk	284 140	284 140	283 420	283 420	304 996	304 996
Derivatives	130 172	130 172	104 868	104 868	174 762	174 762
Other	23 724	23 724	34 100	34 100	54 396	54 396
<b>Financial assets</b>	<b>2 680 190</b>	<b>2 681 982</b>	<b>2 345 383</b>	<b>2 349 694</b>	<b>2 880 759</b>	<b>2 891 751</b>
Deposits	1 321 287	1 325 054	1 093 798	1 098 491	1 249 085	1 255 287
Financial liabilities for which the customers bear the investment risk	285 518	285 518	284 291	284 291	306 307	306 307
Debt securities issued	723 748	722 855	646 475	651 403	813 548	821 725
Short positions	44 017	44 017	24 985	24 985	43 200	43 200
Derivatives	109 619	109 619	85 432	85 432	138 886	138 886
Other	53 859	53 859	51 800	51 800	83 675	83 675
<b>Financial liabilities</b>	<b>2 538 048</b>	<b>2 540 922</b>	<b>2 186 781</b>	<b>2 196 402</b>	<b>2 634 701</b>	<b>2 649 080</b>

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 39 in the Annual Report 2017.



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

SEK m	31 Mar 2018				31 Dec 2017			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
<b>Assets</b>								
Loans		137 615		<b>137 615</b>				
Debt securities	76 237	134 698	4	<b>210 939</b>	71 626	84 041	571	<b>156 238</b>
Equity instruments	55 659	4 635	3 956	<b>64 250</b>	52 082	4 573	2 414	<b>59 069</b>
Financial assets for which the customer bear the investment risk	275 291	8 129	720	<b>284 140</b>	275 737	7 053	630	<b>283 420</b>
Derivatives	2 181	127 244	748	<b>130 173</b>	1 251	102 929	688	<b>104 868</b>
Investment in associates and Venture capital holdings	276		608	<b>884</b>	251		592	<b>843</b>
Investment properties								
Non-current assets held for sale	93 477	63 463	30 196	<b>187 136</b>	89 229	63 657	29 550	<b>182 436</b>
<b>Total</b>	<b>503 121</b>	<b>475 784</b>	<b>36 232</b>	<b>1 015 137</b>	<b>490 176</b>	<b>262 253</b>	<b>34 445</b>	<b>786 874</b>
<b>Liabilities</b>								
Deposits		80 058		<b>80 058</b>				
Financial liabilities for which the customer bear the investment risk	276 550	8 254	713	<b>285 517</b>	276 482	7 185	624	<b>284 291</b>
Liabilities to policyholders - insurance	19 799	80		<b>19 879</b>				
Debt securities issued		22 646		<b>22 646</b>	6 206	28 991		<b>35 197</b>
Short positions	35 675	8 160	182	<b>44 017</b>	13 984		244	<b>14 228</b>
Derivatives	1 476	107 358	786	<b>109 620</b>	911	83 724	799	<b>85 434</b>
Other financial liabilities at fair value	142	3 653		<b>3 795</b>		3 842		<b>3 842</b>
Liabilities in disposal groups held for sale	24 076	42 397	10 427	<b>76 900</b>	21 055	42 536	8 899	<b>72 490</b>
<b>Total</b>	<b>357 718</b>	<b>272 606</b>	<b>12 108</b>	<b>642 432</b>	<b>318 638</b>	<b>166 278</b>	<b>10 566</b>	<b>495 482</b>

### Fair value measurement

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

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

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

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

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

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2017. 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 counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument.

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

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

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

	Closing balance 31 Dec 2017	Changes due to IFRS 9 implementation	Gain/loss in Income statement	Gain/loss in Other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance 31 Mar 2018
<b>Changes in level 3</b>											
<b>Assets</b>											
Loans											
Debt securities	571	-567									4
Equity instruments	2 414	986	399	1	297	-174			-1	34	3 956
Financial assets for which the customer	630		97		1				-42	34	720
Derivatives	688		25				24			11	748
Investment in associates and Venture capital holdings	592		10		6	-3				3	608
Investment properties											
Non-current assets held for sale											
<b>Total</b>	<b>4 895</b>	<b>419</b>	<b>531</b>	<b>1</b>	<b>304</b>	<b>-177</b>	<b>24</b>		<b>-43</b>	<b>82</b>	<b>6 036</b>
<b>Liabilities</b>											
Deposits											
Financial liabilities for which the customer	624		97						-42	34	713
Liabilities to policyholders - insurance											
Debt securities issued											
Short positions	244		9		-75					4	182
Derivatives	799		-53				30			10	786
Other financial liabilities at fair value											
Liabilities in disposal groups held for sale											
<b>Total</b>	<b>1 667</b>		<b>53</b>		<b>-75</b>		<b>30</b>		<b>-42</b>	<b>48</b>	<b>1 681</b>

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

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives.

SEK m	31 Mar 2018				31 Dec 2017			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments <sup>1)2)4)</sup>	747	-785	-38	38	688	-798	-110	38
Equity instruments <sup>3)6)</sup>	1 190	-182	1 008	201	1 245	-244	1 001	209
Insurance holdings - Financial instruments <sup>4)5)7)</sup>	3 025		3 025	386	2 380		2 380	331
Insurance holdings - Investment properties <sup>6)7)</sup>								
<b>Assets-liabilities held for sale<sup>4)5)6)7)</sup></b>	<b>22 966</b>	<b>-3 064</b>	<b>19 902</b>	<b>2 341</b>	<b>16 070</b>	<b>-2 395</b>	<b>13 675</b>	<b>1 657</b>

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 percentage points (10).

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

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

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

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
<b>31 Mar 2018</b>								
Derivatives	133 097	-4 729	<b>128 368</b>	-70 845	-36 783	<b>20 741</b>	1 804	<b>130 172</b>
Reversed repo receivables	137 962	-1 689	<b>136 274</b>	-53 632	-41 332	<b>41 310</b>	840	<b>137 114</b>
Securities borrowing	25 921		<b>25 921</b>	-4 426	-21 365	<b>129</b>	14 623	<b>40 544</b>
Client receivables	14 041	-14 041					19 898	<b>19 898</b>
<b>Assets</b>	<b>311 022</b>	<b>-20 459</b>	<b>290 563</b>	<b>-128 903</b>	<b>-99 480</b>	<b>62 180</b>	<b>37 165</b>	<b>327 728</b>
Derivatives	113 280	-4 729	<b>108 552</b>	-70 845	-23 051	<b>14 656</b>	1 068	<b>109 619</b>
Repo payables	70 702	-1 689	<b>69 013</b>	-53 632	-15 382			<b>69 013</b>
Securities lending	13 276		<b>13 276</b>	-4 426	-8 480	<b>370</b>	1 007	<b>14 283</b>
Client payables	14 041	-14 041					27 723	<b>27 723</b>
<b>Liabilities</b>	<b>211 300</b>	<b>-20 459</b>	<b>190 841</b>	<b>-128 903</b>	<b>-46 913</b>	<b>15 026</b>	<b>29 798</b>	<b>220 639</b>
<b>31 Dec 2017</b>								
Derivatives	111 634	-7 826	<b>103 808</b>	-58 922	-29 374	<b>15 512</b>	1 060	<b>104 868</b>
Reversed repo receivables	104 354	-61 735	<b>42 620</b>	-6 613	-36 007			<b>42 620</b>
Securities borrowing	3 782		<b>3 782</b>	-3 165	-512	<b>105</b>	12 955	<b>16 736</b>
Client receivables							11 817	<b>11 817</b>
<b>Assets</b>	<b>219 770</b>	<b>-69 560</b>	<b>150 210</b>	<b>-68 701</b>	<b>-65 892</b>	<b>15 617</b>	<b>25 832</b>	<b>176 042</b>
Derivatives	92 496	-7 826	<b>84 670</b>	-58 922	-18 293	<b>7 455</b>	763	<b>85 434</b>
Repo payables	68 348	-61 735	<b>6 613</b>	-6 613				<b>6 613</b>
Securities lending	9 604		<b>9 604</b>	-3 165	-6 152	<b>287</b>	911	<b>10 515</b>
Client payables							10 894	<b>10 894</b>
<b>Liabilities</b>	<b>170 448</b>	<b>-69 560</b>	<b>100 888</b>	<b>-68 701</b>	<b>-24 445</b>	<b>7 742</b>	<b>12 569</b>	<b>113 456</b>
<b>31 Mar 2017</b>								
Derivatives	178 423	-4 377	<b>174 046</b>	-97 327	-47 090	<b>29 629</b>	716	<b>174 762</b>
Reversed repo receivables	146 566	-24 278	<b>122 288</b>	-20 593	-101 064	<b>631</b>		<b>122 288</b>
Securities borrowing	45 382		<b>45 382</b>	-5 688	-39 694		5 179	<b>50 561</b>
Client receivables	4 499	-4 499					31 536	<b>31 536</b>
<b>Assets</b>	<b>374 870</b>	<b>-33 154</b>	<b>341 716</b>	<b>-123 608</b>	<b>-187 848</b>	<b>30 260</b>	<b>37 431</b>	<b>379 147</b>
Derivatives	142 331	-4 377	<b>137 954</b>	-97 327	-38 132	<b>2 496</b>	931	<b>138 885</b>
Repo payables	46 470	-24 278	<b>22 192</b>	-20 593	-1 106	<b>493</b>		<b>22 192</b>
Securities lending	25 056		<b>25 056</b>	-5 688	-10 467	<b>8 902</b>	6	<b>25 062</b>
Client payables	4 499	-4 499					33 053	<b>33 053</b>
<b>Liabilities</b>	<b>218 357</b>	<b>-33 154</b>	<b>185 203</b>	<b>-123 608</b>	<b>-49 704</b>	<b>11 891</b>	<b>33 989</b>	<b>219 193</b>

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

Financial assets and liabilities are presented net in the balance sheet when SEB has legally enforceable rights to 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.

## Expected credit loss (ECL) allowances and credit exposure by stage (IFRS 9) – SEB Group

SEK m	31 Mar 2018	1 Jan 2018
<b>Stage 1 (12-month ECL)</b>		
Gross carrying amounts/Nominal amounts	2 092 589	1 901 083
ECL allowances	-821	-787
Carrying amounts/Net amounts	2 091 768	1 900 296
ECL coverage ratio, %	0.04	0.04
<b>Stage 2 (lifetime ECL)<sup>1)</sup></b>		
Gross carrying amounts/Nominal amounts	88 155	101 027
ECL allowances	-1 361	-1 425
Carrying amounts/Net amounts	86 793	99 602
ECL coverage ratio, %	1.54	1.41
<b>Stage 3 (credit impaired/lifetime ECL)</b>		
Gross carrying amounts/Nominal amounts	9 905	11 437
ECL allowances	-3 577	-3 917
Carrying amounts/Net amounts	6 327	7 520
ECL coverage ratio, %	36.12	34.25
<b>Total</b>		
Gross carrying amounts/Nominal amounts	2 190 649	2 013 547
ECL allowances	-5 760	-6 129
Carrying amounts/Net amounts	2 184 889	2 007 418
ECL coverage ratio, %	0.26	0.30

1) Whereof gross carrying amounts SEK 1,597m (1,223) and ECL allowances SEK 1m (2) under Lifetime ECLs - simplified approach for trade receivables.

The table shows gross carrying amounts for exposures on balance and nominal amounts for exposures off-balance divided by stage as a mean to put ECL allowances in context to overall exposure levels. For trade receivables a simplified approach based on past-due information is used to calculate loss allowances.

## Non-performing loans – SEB Group

	31 Dec	31 Mar
SEK m	2017	2017
<b>Individually assessed loans</b>		
<b>Impaired loans</b>	<b>5 999</b>	<b>4 834</b>
Specific reserves	- 2 187	- 1 850
Collective reserves	- 1 120	- 1 671
<b>Impaired loans net</b>	<b>2 692</b>	<b>1 314</b>
Specific reserve ratio for individually assessed impaired loans	36.5%	38.3%
Total reserve ratio for individually assessed impaired loans	55.1%	72.8%
Net level of impaired loans	0.25%	0.19%
Gross level of impaired loans	0.39%	0.30%
<b>Portfolio assessed loans</b>		
Loans past due > 60 days	2 273	2 535
Restructured loans	11	14
Collective reserves for portfolio assessed loans	- 1 170	- 1 350
Reserve ratio for portfolio assessed loans	51.2%	53.0%
<b>Non-performing loans<sup>1)</sup></b>		
Non-performing loans	8 283	7 383
NPL coverage ratio	54.9%	66.6%
NPL per cent of lending	0.54%	0.46%

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

### Reserves

Specific reserves	- 2 187	- 1 850
Collective reserves	- 2 290	- 3 021
Reserves for off-balance sheet items	- 75	- 45
<b>Total reserves</b>	<b>- 4 552</b>	<b>- 4 915</b>

## Seized assets – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2018	2017	2017
Properties, vehicles and equipment	200	207	414
Shares	42	42	46
<b>Total seized assets</b>	<b>242</b>	<b>249</b>	<b>460</b>

## Non-current assets and disposal groups classified as held for sale – SEB Group

SEK m	31 Mar 2018	31 Dec 2017	31 Mar 2017
Financial assets at fair value through profit or loss	180 665	175 506	
Other assets	12 618	8 505	486
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>193 283</b>	<b>184 011</b>	<b>486</b>
Liabilities to policyholders	139 047	133 688	
Financial liabilities at fair value through profit or loss	37 004	34 469	
Other liabilities	10 730	10 553	
<b>Liabilities of disposal groups classified as held for sale</b>	<b>186 781</b>	<b>178 710</b>	<b>0</b>

As announced on 14 December 2017, SEB has signed an agreement to sell all shares in SEB Pensionsforsikring A/S and SEB Administration A/S (SEB Pension) to Danica Pension Livsforsikringsaktieselskab (Danica, a subsidiary to Danske Bank). SEB Pension consists of a portfolio of life and pension contracts and approximately 275 employees. The completion of the sale is among other things conditional upon regulatory approvals and certain preparations for separation and is currently expected to occur around the summer of 2018. In the consolidated balance sheet, assets and liabilities relating to SEB Pension are separated from other assets and liabilities. SEB Pension is reported in the Life & Investment Management division.

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 -113m.

## IFRS 9 and 15 transition disclosures – SEB Group

The transition disclosures on pages 31-38 correspond to the transition disclosures published on [sebgroup.com](http://sebgroup.com) on 28 March 2018. They outline the changes to SEB's financial statements as of 1 January 2018 from primarily three areas: (1) the effects of IFRS 15 Revenue from Contracts with Customers and the restatement of the income statement and the balance sheet, (2) a change in the presentation of SEB's balance sheet to better reflect the new requirements under IFRS 9 Financial Instruments and (3) the effects of transition from IAS 39 to IFRS 9 as per 1 January 2018. Additional information about SEB's adoption of IFRS 15 and IFRS 9 is available in the Annual Report 2017 note 1a "Significant changed accounting policies applicable from 1 January 2018" (page 90-93).

**IFRS 15:** As communicated in the Annual Accounts 2017, the main effect from IFRS 15 is the change in the treatment of contract costs for investment contracts within Life where a smaller part of deferred acquisition costs (DAC) is now recognised as an asset. This change has resulted in a decrease of the deferred acquisition cost in the balance sheet of SEK 2,640m. The effect was recognised in the first quarter 2018, as a reduction of the opening balance of retained earnings as per 1 January 2017. Similarly, net fees and commissions in the 2017 income statement were restated reducing income by SEK 47m.

**IFRS 9:** As of 1 January 2018, IFRS 9 introduced new requirements for classification and measurement, impairment and hedge accounting. SEB's balance sheet has been adjusted to better reflect the measurement categories and accounting policies under IFRS 9. The new balance sheet applies from 1 January 2018. In order to facilitate comparison, the balance sheet per 31 December 2017 is presented in both the new and old format. The new balance sheet and more detailed information about the differences between IAS 39 and IFRS 9 are presented on page 32-33.

The new requirements implied a change in the classification and measurement of financial assets and liabilities which reduced the 2018 opening balance for retained earnings by SEK 3,281m. The available-for-sale category under IAS 39, where fair value changes were reported in Other comprehensive income, ceased and valuations of fair value are reported in Net financial income. Certain holdings in Treasury that were classified

as available-for-sale are now classified as amortised cost. As a result, a positive fair value in the amount of SEK 264m was derecognised. Regarding the classification and measurement of financial liabilities, the rules entail a change of reporting the own credit risk adjustment (OCA). Under IAS 39, the change in OCA was reported in Net financial income and is now reported in Other comprehensive income. The classification of bonds issued by SEB AG maturing beyond the year 2020 changed to fair value through profit or loss from amortised cost. This reduced the opening balance of retained earnings by SEK 1,847m. An aggregate overview of the transitional effects from classification and measurement under IFRS 9, along with a detailed description for each portfolio, is presented on page 34-37.

The impairment model for credit losses was changed from an incurred loss model to an expected loss model which resulted in an increase of allowances amounting to SEK 1,578m. The net effect after tax is a SEK 1,170m reduction of retained earnings. The increase in allowances was driven by three main factors: First, *all* items in scope were each assigned a reserve. Second, there was an increase of allowances for off-balance sheet commitments mainly in the retail portfolios. Third, a forward-looking view of the macroeconomic development was incorporated in the calculation of expected credit losses. There are three different scenarios that reflect SEB's view on macroeconomic development. Further information on expected credit losses and gross carrying amounts is provided on page 38.

Under the current Capital Requirements Regulation (CRR), any shortfall between accounting provisions and regulatory expected losses is deducted from Common Equity Tier 1 (CET1) capital, while any excess is added back to Tier 2 capital. The first time application of the new expected credit loss model had a positive effect on SEB's CET1 capital amounting to SEK 30m. The negative effect on equity from increased provisions was offset by a reduction in the shortfall deduction. Further, the total risk exposure amount (REA) decreased by SEK 5bn due to lower capital requirements for defaulted exposures.

The net effect from IFRS 9 following shortfall adjustments and reduced REA reduced SEB's CET1 ratio with 18 bps.

## Change in presentation of balance sheet

SEB (previous presentation)	Restated	Change in presentation	New presentation of	
	Closing balance <sup>1)</sup> 31 December 2017		Closing balance 31 December 2017	SEB (new presentation)
Cash and cash balances at central banks	177 222		177 222	Cash and cash balances with central banks
Other lending to central banks	12 778		12 778	Loans to central banks
Loans to credit institutions	34 715	4 002	38 717	Loans to credit institutions
Loans to the public	1 484 803	1 962	1 486 765	Loans to the public
Financial assets at fair value through profit or loss	575 955	-575 955		
Available-for-sale financial assets	27 776	-27 776		
		169 269	169 269	Debt securities
		59 204	59 204	Equity instruments
		283 420	283 420	Financial assets for which the customers bear the investment risk
		104 868	104 868	Derivatives
Other assets <sup>1)</sup>	243 659	-18 994	224 664	Other assets
<b>TOTAL ASSETS</b>	<b>2 556 908</b>	<b>0</b>	<b>2 556 908</b>	<b>TOTAL ASSETS</b>

1) IFRS 15 Revenue from Contracts with Customers is applied retrospectively from 1 January 2018.

SEB (previous presentation)	Restated	Change in presentation	New presentation of	
	Closing balance <sup>1)</sup> 31 December 2017		Closing balance 31 December 2017	SEB (new presentation)
Deposits from central banks and credit institutions	89 076	6 413	95 489	Deposits from central banks and credit institutions
Deposits and borrowing from the public	1 004 721	27 327	1 032 048	Deposits and borrowings from the public
<i>Liabilities to policyholders - investment contracts</i>	284 291		284 291	Financial liabilities for which the customers bear the investment risk
<i>Liabilities to policyholders - insurance contracts</i>	18 911		18 911	Liabilities to policyholders
Debt securities issued	614 033		614 033	Debt securities issued
Financial liabilities at fair value through profit or loss	114 313	-114 313		
		24 985	24 985	Short positions in securities
		85 434	85 434	Derivatives
		3 894	3 894	Other financial liabilities
Other liabilities	290 325	-33 740	256 585	Other liabilities
<b>Total liabilities</b>	<b>2 415 671</b>	<b>0</b>	<b>2 415 671</b>	<b>Total liabilities</b>
<b>Total equity<sup>1)</sup></b>	<b>141 237</b>		<b>141 237</b>	<b>Total equity</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 556 908</b>	<b>0</b>	<b>2 556 908</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

1) IFRS 15 Revenue from Contracts with Customers is applied retrospectively from 1 January 2018.

IFRS 15 Revenue from Contracts with Customers is applicable as of 1 January 2018. As communicated in the third quarter interim report, the main effect from IFRS 15 on SEB relates to the treatment of contract costs for investment contracts within Life that has changed so that a smaller part of deferred acquisition costs (DAC) is recognised as an asset. The change has resulted in a decrease of the deferred acquisition cost in the balance sheet of SEK 2,640m. The effect has been recognised in the first quarter 2018 as a reduction of the opening balance of retained earnings as per 1 January 2017. Similarly, net fees and commissions in the 2017 income statement has been restated reducing income by SEK 47m. These changes are included in the restated balance sheet.

As of 1 January 2018, SEB has changed its presentation of the balance sheet in order to better reflect the measurement categories and accounting principles under IFRS 9. The table demonstrates the remapping of SEB Group's balance sheet, where the closing balances under IAS 39 (previous presentation layout) has been restated with respect to IFRS 15, and then presented under the new balance sheet structure in order to facilitate for an efficient reconciliation between closing balances under IAS 39 and the opening balances under IFRS 9 (see table 2). The table also provides information on the amounts that have been moved between the balance sheet items under the previous presentation structure to the balance sheet items under the new presentation structure.



## Transition disclosures – from IAS 39 to IFRS 9

IFRS 9 Financial instruments				
SEK m	New presentation of Closing balance 31 December 2017	Change of Classifications	Change in ECL allowances	Opening balance 1 January 2018
Cash and cash balances with central banks	177 222			177 222
Loans to central banks	12 778		0	12 778
Loans to credit institutions	38 717		-2	38 715
Loans to the public	1 486 765	14	-972	1 485 808
Debt securities	169 269	-341	-1	168 928
Equity instruments	59 204			59 204
Financial assets for which the customers bear the investment risk	283 420			283 420
Derivatives	104 868			104 868
Other assets	224 664		-2	224 662
<b>TOTAL ASSETS</b>	<b>2 556 908</b>	<b>-327</b>	<b>-977</b>	<b>2 555 605</b>

IFRS 9 Financial instruments				
SEK m	New presentation of Closing balance 31 December 2017	Change of Classifications	Change in ECL allowances	Opening balance 1 January 2018
Deposits from central banks and credit institutions	95 489	15		95 504
Deposits and borrowings from the public	1 032 048	2 656		1 034 704
Financial liabilities for which the customers bear the investment risk	284 291			284 291
Liabilities to policyholders	18 911			18 911
Debt securities issued	614 033	54		614 087
Short positions in securities	24 985			24 985
Derivatives	85 434			85 434
Other financial liabilities	3 894			3 894
Other liabilities <sup>1)2)</sup>	256 585	-942	193	255 836
<b>Total liabilities</b>	<b>2 415 671</b>	<b>1 783</b>	<b>193</b>	<b>2 417 647</b>
<b>Total equity</b>	<b>141 237</b>	<b>-2 110</b>	<b>-1 170</b>	<b>137 958</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 556 908</b>	<b>-327</b>	<b>-977</b>	<b>2 555 605</b>

1) Remeasurement of portfolio hedges (SEK -868m), other liabilities includes current tax liabilities (SEK -72m) and deferred tax liabilities (SEK -2m).

2) ECL allowance (SEK 601m) for other financial liabilities also includes current tax liabilities (SEK -413m) and deferred tax liabilities (SEK 5m).

The tables show the transition effects of IFRS 9 on SEB's balance sheet as a result of new measurement categories and ECL allowance under the new balance sheet structure, reconciling the closing balances under IAS 39 as per 31 December 2017 with the opening balances under IFRS 9 as per 1 January 2018.

## Transition disclosures – overview of changes to measurement categories on transition to IFRS 9

Assets, SEK m	Closing balance 2017-12-31 under IAS 39 Accounting categories							Opening balance 2018-01-01 under IFRS 9 Accounting categories						
	HFT	FVO	AFS	LaR	HTM	Other <sup>1)</sup>	Total	FVHFT	FVMPL	FVDPL	FVOCI	AmC	Other <sup>1)</sup>	Total
Cash and cash balances with central banks				177 222			177 222					177 222		177 222
Loans to central banks				12 778			12 778	334				12 444		12 778
Loans to credit institutions				38 717			38 717	56				38 659		38 715
Loans to the public				1 486 765			1 486 765	42 250	1 012			1 442 546		1 485 808
Debt securities	109 513	20 902	25 824	13 030			169 269	33 983	108 135	7 647		19 162		168 928
Equity instruments	48 371	8 880	1 952				59 204	48 371	10 832					59 204
Financial assets for which the customers bear the investment risk		283 420					283 420		283 420					283 420
Derivatives	98 281					6 587	104 868	98 281					6 587	104 868
Other assets				13 041		211 623	224 664					13 039	211 623	224 662
<b>TOTAL</b>	<b>256 165</b>	<b>313 203</b>	<b>27 776</b>	<b>1 741 554</b>		<b>218 211</b>	<b>2 556 908</b>	<b>223 275</b>	<b>403 400</b>	<b>7 647</b>		<b>1 703 072</b>	<b>218 211</b>	<b>2 555 605</b>

Liabilities, SEK m	Closing balance 2017-12-31 under IAS 39 Accounting categories						Opening balance 2018-01-01 under IFRS 9 Accounting categories				
	HFT	FVO	AmC	Other <sup>1)</sup>	Total	FVHFT	FVDPL	AmC	Other <sup>1)</sup>	Total	
Deposits from central banks and credit institutions			95 489		95 489	731	63	94 710		95 504	
Deposits and borrowings from the public			1 032 048		1 032 048	5 893	11 831	1 016 980		1 034 704	
Financial liabilities for which the customers bear the investment risk		284 291			284 291		284 291			284 291	
Liabilities to policyholders				18 911	18 911				18 911	18 911	
Debt securities issued		24 388	589 645		614 033		24 630	589 457		614 087	
Short positions in securities		24 985			24 985	24 985				24 985	
Derivatives	84 571			863	85 434	84 571			863	85 434	
Other financial liabilities	3 894				3 894	3 894				3 894	
Other liabilities			13 142	243 443	256 585			13 142	242 694	255 836	
Equity				141 237	141 237				137 958	137 958	
<b>TOTAL</b>	<b>113 450</b>	<b>308 679</b>	<b>1 730 325</b>	<b>404 455</b>	<b>2 556 908</b>	<b>120 074</b>	<b>320 815</b>	<b>1 714 289</b>	<b>400 426</b>	<b>2 555 605</b>	

1) Refers to non-financial assets and liabilities, equity and hedge accounting derivatives measure at fair value through profit and loss.

These tables provides a complete overview of the transition from measurement categories and carrying amounts under IAS 39 as per 31 December 2017 to the measurement categories and carrying amounts under IFRS 9 as per 1 January 2018. The change in carrying amounts following transition is a result of new measurement categories for financial assets and liabilities and ECL allowance (expected credit losses) for financial assets valued at amortised cost and off-balance sheet exposures under IFRS 9. For more details on the change in classification and measurement, see the detailed classification and measurement tables below.

**IAS 39 abbreviations:** Held for trading (HFT), Fair Value Option (FVO), Available-for-sale (AFS), Loans and Receivables (LaR), Amortised Cost (AmC) and Held to Maturity (HTM).

**IFRS 9 abbreviations:** Fair Value Through Profit or Loss Held for Trading (FVHFT)/FVTPL held for trading), Fair Value Through Profit or Loss Mandatorily (FVMPL)/FVTPL mandatorily), Fair Value Through Profit or Loss Designated (FVDPL)/FVTPL designated), Fair Value Through Other Comprehensive Income (FVOCI) and Amortised Cost (AmC).

## Transition disclosures – detailed presentation of changes to measurement categories on transition to IFRS 9

The following tables reconcile the previous classification categories under IAS 39 as per 31 December 2017 with the classification categories under IFRS 9 as per 1 January 2018.

### Assets

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Loans, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification
<b>Loans and receivables</b>	<b>1 538 260</b>	-1 538 260				
Reclassified to FVTPL held for trading		42 625		14		<b>42 640 FVTPL held for trading</b>
Reclassified to FVTPL mandatorily		1 012				<b>1 012 FVTPL mandatorily</b>
To Amortised cost		1 494 623		-974		<b>1 493 649 Amortised cost</b>
<b>Total</b>	<b>1 538 260</b>	<b>0</b>	<b>14</b>	<b>-974</b>	<b>1 537 300</b>	

As part of the business model assessment, SEB's repurchase agreement portfolio (reverse repos) has been assessed to meet the criteria for a 'held for trading' business model. As such, these instruments have been reclassified from loans & receivables to fair value through profit or loss held for trading as of 1 January 2018. The effect of this reclassification amounts to SEK 14m which has been recorded in retained earnings as of 1 January 2018.

As part of the business model assessment, a portion of loans within the loan syndication business has been assessed to meet the criteria for a 'hold to sell' business model. As such, these instruments have been reclassified from loans & receivables to fair value through profit or loss mandatorily.

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Debt securities, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification
<b>Held for trading</b>	<b>109 513</b>	-109 513				
Reclassified to FVTPL mandatorily		75 530				<b>75 530 FVTPL mandatorily</b>
To FVTPL held for trading		33 983				<b>33 983 FVTPL held for trading</b>
<b>Total</b>	<b>109 513</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>109 513</b>	

As of 1 January 2018, SEB has reclassified SEK 76bn of securities held for trading as fair value through profit or loss mandatorily. The portfolio is managed and evaluated on a fair value basis and is no longer considered to meet the definition of trading assets.

<b>Fair value option</b>	<b>20 902</b>	-20 902				
Reclassified to FVTPL mandatorily		13 255				<b>13 255 FVTPL mandatorily</b>
To FVTPL designated		7 647				<b>7 647 FVTPL designated</b>
<b>Total</b>	<b>20 902</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20 902</b>	

As of 1 January 2018, SEB will no longer apply fair value option for a portion of its debt instruments. These instruments are managed and evaluated on a fair value basis and are therefore mandatorily measured at fair value through profit or loss under IFRS 9.

<b>Available-for-sale</b>	<b>25 824</b>	-25 824				
Reclassified to FVTPL mandatorily		19 350				<b>19 350 FVTPL mandatorily</b>
Reclassified to Amortised cost		6 474	-341	-1		<b>6 132 Amortised cost</b>
<b>Total</b>	<b>25 824</b>	<b>0</b>	<b>-341</b>	<b>-1</b>	<b>25 482</b>	

As part of the business model assessment, a portion of SEB's debt securities previously classified as available-for-sale has been assessed to meet the criteria for FVTPL mandatorily as these bonds are managed and evaluated on a fair value basis. As such, these instruments have been reclassified from available-for-sale to fair value through profit or loss mandatorily. The accumulated OCI for these debt instruments was SEK 1m as of 31 December 2017 and has been recognised in retained earnings as of 1 January 2018.

As of 1 January 2018, SEB has measured a portion of its portfolio previously classified as available-for-sale as debt securities at amortised cost. These instruments are held in a hold to collect business model and meet the IFRS 9 (SPPI) criteria. The fair value of these instruments 31 December 2017 was SEK 6 474m. The accumulated OCI for the debt securities was SEK 402m as of 31 of December 2017 and where a positive market valuation of SEK has been removed as of 1 January 2018. The effect on equity from remeasurement (SEK 341m), accumulated OCI and tax adjustment was SEK 264m.

As of 31 March 2018 the fair value of the debt securities at amortised cost, but previously classified as available-for-sale, was SEK 6 794m. A fair value loss of SEK 28m would have been recognised if the financial assets had not been reclassified.

<b>Loans and receivables</b>	<b>13 030</b>	-13 030				
To Amortised cost		13 030			0	<b>13 030 Amortised cost</b>
<b>Total</b>	<b>13 030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13 030</b>	

## Transition disclosures – detailed presentation of changes to measurement categories on transition to IFRS 9, cont.

### Assets, cont.

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Equity instruments, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification
<b>Held for trading</b>	<b>48 371</b>	-48 371				
To FVTPL held for trading		48 371			48 371	FVTPL held for trading
<b>Total</b>	<b>48 371</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48 371</b>	

<b>Fair value option</b>	<b>8 880</b>	-8 880				
Reclassified to FVTPL mandatorily		8 880			8 880	FVTPL mandatorily
<b>Total</b>	<b>8 880</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 880</b>	

As of 1 January 2018, SEB will no longer apply fair value option for a portion of its equity instruments. Equity instruments are mandatorily measured at fair value through profit or loss in line with IFRS 9 criteria.

<b>Available-for-sale</b>	<b>1 952</b>	-1 952				
Reclassified to FVTPL mandatorily		1 952			1 952	FVTPL mandatorily
<b>Total</b>	<b>1 952</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 952</b>	

Equity instruments are mandatorily measured at fair value through profit or loss in line with IFRS 9. The accumulated OCI for these equity instruments was SEK 212m as of 31 December 2017 and this amount has been recognised into retained earnings as of 1 January 2018.

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Financial assets - policyholders bearing the investment risk, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification

<b>Fair value option</b>	<b>283 420</b>	-283 420				
Reclassified to FVTPL mandatorily		283 420			283 420	FVTPL mandatorily
<b>Total</b>	<b>283 420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>283 420</b>	

Financial assets where the policyholder bears the investment risk are managed based on fair value. Under IAS 39 fair value option was applied for these instruments, but under IFRS 9 these are mandatorily measured at fair value through profit or loss.

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Derivatives, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification

<b>Held for trading</b>	<b>98 281</b>	-98 281				
To FVTPL held for trading		98 281			98 281	FVTPL held for trading
<b>Total</b>	<b>98 281</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98 281</b>	

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Other financial assets, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification

<b>Loans and receivables</b>	<b>13 041</b>	-13 041				
To Amortised cost		13 041			-2	13 039 Amortised cost
<b>Total</b>	<b>13 041</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>13 039</b>	

**Transition disclosures – detailed presentation of changes to measurement categories on transition to IFRS 9, cont.**

**Liabilities**

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Deposits, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification

<b>Amortised cost</b>	<b>1 127 538</b>	-1 127 538				
Reclassified to FVTPL held for trading		6 613		11		<b>6 624 FVTPL held for trading</b>
Reclassified to FVTPL designated		9 234		2 660		<b>11 894 FVTPL designated</b>
To Amortised cost		1 111 690				<b>1 111 690 Amortised cost</b>
<b>Total</b>	<b>1 127 538</b>	<b>0</b>	<b>2 671</b>	<b>0</b>	<b>1 130 208</b>	

SEB has assessed that its repurchase agreement portfolio (repos) meets the criteria for held for trading liabilities. As such, these instruments have been reclassified from amortised cost to fair value through profit or loss as of 1 January 2018.

As of 1 January 2018, SEB has elected to apply the fair value option for a portion of its deposit portfolio in order to avoid accounting mismatch.

IAS 39		Classification & Measurement		ECL allowances	IFRS 9	
Debt securities issued, SEK m	Carrying amount 31 December 2017	Change	Remeasurement	Impairment	Carrying amount 1 January 2018	Classification

<b>Fair value option</b>	<b>24 388</b>	-24 388				
To FVTPL designated		24 388				<b>24 388 FVTPL designated</b>
<b>Total</b>	<b>24 388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24 388</b>	

<b>Amortised cost</b>	<b>589 645</b>	-589 645				
Reclassified to FVTPL designated		188		54		<b>242 FVTPL designated</b>
To Amortised cost		589 457				<b>589 457 Amortised cost</b>
<b>Total</b>	<b>589 645</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>589 699</b>	

As of 1 January 2018, SEB has elected to apply the fair value option for a portion of the issued debt securities previously valued at amortised cost in order to avoid an accounting mismatch.

## Transition disclosures – impairment provisions - IAS 39 and IFRS 9

Financial assets, SEKm	Classification		Provision for impairment IAS 39 31 Decembr 2017	Changes in allowances	ECL allowance IFRS 9 1 January 2018
	IAS 39	IFRS 9			
Cash and cash balances at central banks	Loans and receivables	Amortised cost			
Other lending to central banks	Loans and receivables	Amortised cost			
Loans to credit institutions	Loans and receivables	Amortised cost		-2	-2
Loans to the public	Loans and receivables	Amortised cost	-4 476	-972	-5 448
Debt securities	Loans and receivables	Amortised cost		-1	-1
Debt securities	Available for sale	Amortised cost			
Other assets	Loans and receivables	Amortised cost		-2	-2
<b>TOTAL</b>			<b>-4 476</b>	<b>-977</b>	<b>-5 453</b>

Loan commitments and Financial guarantees, SEKm	Classification under		Provision for impairment IAS 37 31 December 2017	Changes in loss allowances	ECL allowance IFRS 9 1 January 2018
	IAS 39	IFRS 9			
<b>TOTAL</b>	N/A	N/A	<b>-75</b>	<b>-601</b>	<b>-676</b>

The table reconciles the closing period's impairment allowance measured in accordance with the IAS 39 incurred loss model and the provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018. For each asset class the new measurement category under IFRS 9 is compared to the previous measurement category under IAS 39 and demonstrating the change in allowances between IAS 39 and IFRS 9. The increase in the allowances is driven by three main factors: Firstly, all items in scope are each assigned a reserve. Secondly, an increase of allowances for off-balance sheet commitments mainly in the retail portfolios. Thirdly, the incorporation of a forward-looking view of the macroeconomic development (based on three different scenarios reflecting SEB's view on macroeconomic developments) in the calculation of expected credit losses.

## Transition disclosures – impairment provisions, IAS 39 and IFRS 9, ECL allowances by impairment stages

SEB Group	Stage 1		Stage 2		Stage 3	
Opening balance 1 January 2018, SEK m	(12m ECL)		(lifetime ECL) <sup>1)</sup>		(credit impaired/ lifetime ECL)	
						Total
Gross carrying amounts/Nominal amounts	1 901 083		101 027		11 437	2 013 547
ECL allowances	-787		-1 425		-3 917	-6 129
Carrying amounts/Net amounts	1 900 296		99 602		7 520	2 007 418
ECL coverage ratio, %	0.04		1.41		34.25	0.30

1) Whereof gross carrying amounts SEK 1 223m and ECL allowances SEK 2m under Lifetime ECLs - simplified approach.

The table shows gross carrying amounts for exposures on balance and Nominal amounts for exposures off-balance divided by stage as a mean to put ECL allowances in context to overall exposure levels. For trade receivables a simplified approach based on past-due information is used to calculate loss allowances.

## SEB consolidated situation

### Capital adequacy analysis for SEB consolidated situation

SEK m	31 Mar 2018	31 Dec 2017	31 Mar 2017
<b>Own funds</b>			
Common Equity Tier 1 capital	117 111	118 204	115 364
Tier 1 capital	131 357	132 127	135 336
Total own funds	148 384	147 849	157 728
<b>Own funds requirement</b>			
Risk exposure amount	615 308	610 819	610 047
Expressed as own funds requirement	49 225	48 866	48 804
Common Equity Tier 1 capital ratio	19.0%	19.4%	18.9%
Tier 1 capital ratio	21.3%	21.6%	22.2%
Total capital ratio	24.1%	24.2%	25.9%
Own funds in relation to own funds requirement	3.01	3.03	3.23
Regulatory Common Equity Tier 1 capital requirement including buffer	11.0%	10.9%	10.9%
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	1.0%	0.9%	0.9%
Common Equity Tier 1 capital available to meet buffer <sup>1)</sup>	14.5%	14.9%	14.4%
<b>Leverage ratio</b>			
Exposure measure for leverage ratio calculation	2 833 269	2 519 532	2 902 192
of which on balance sheet items	2 406 997	2 140 093	2 441 298
of which off balance sheet items	426 271	379 439	460 893
Leverage ratio	4.6%	5.2%	4.7%

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

### Internally assessed capital requirement

As per 31 March 2018, the internally assessed capital requirement including insurance risk amounted to SEK 66bn (64). 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 2018	31 Dec 2017	31 Mar 2017
Shareholders equity according to balance sheet <sup>1)</sup>	130 196	143 925	134 727
Deductions related to the consolidated situation and other foreseeable charges	-2 201	-14 357	-5 601
<b>Common Equity Tier 1 capital before regulatory adjustments <sup>2)</sup></b>	<b>127 995</b>	<b>129 568</b>	<b>129 126</b>
Additional value adjustments	-850	-663	-990
Intangible assets	-6 356	-6 225	-6 893
Deferred tax assets that rely on future profitability	-53	-75	-185
Fair value reserves related to gains or losses on cash flow hedges	-933	-1 192	-2 048
Negative amounts resulting from the calculation of expected loss amounts	0	-1 307	-628
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	307	99	50
Defined-benefit pension fund assets	-2 825	-1 807	-2 834
Direct and indirect holdings of own CET1 instruments	-175	-193	-199
Securitisation positions with 1,250% risk weight	0		-33
<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>-10 884</b>	<b>-11 364</b>	<b>-13 762</b>
<b>Common Equity Tier 1 capital</b>	<b>117 111</b>	<b>118 204</b>	<b>115 364</b>
Additional Tier 1 instruments	14 246	13 922	15 200
Grandfathered additional Tier 1 instruments			4 772
<b>Tier 1 capital</b>	<b>131 357</b>	<b>132 127</b>	<b>135 336</b>
Tier 2 instruments	19 089	18 171	24 815
Net provisioning amount for IRB-reported exposures	513	126	153
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
<b>Tier 2 capital</b>	<b>17 026</b>	<b>15 722</b>	<b>22 392</b>
<b>Total own funds</b>	<b>148 384</b>	<b>147 849</b>	<b>157 728</b>

<sup>1)</sup> The Swedish Financial Supervisory Authority has approved SEB's application to use the net profit in measuring own funds on condition that the responsible auditors 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.

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



## Risk exposure amount for SEB consolidated situation

SEK m	31 Mar 2018		31 Dec 2017		31 Mar 2017	
	Risk exposure amount	Own funds requirement <sup>1)</sup>	Risk exposure amount	Own funds requirement <sup>1)</sup>	Risk exposure amount	Own funds requirement <sup>1)</sup>
<b>Credit risk IRB approach</b>						
Exposures to central governments or central banks	11 077	886	9 319	745		
Exposures to institutions	54 970	4 398	32 838	2 627	28 683	2 295
Exposures to corporates	331 141	26 491	326 317	26 105	335 648	26 852
Retail exposures	62 119	4 969	62 296	4 984	56 590	4 527
of which secured by immovable property	36 429	2 914	36 558	2 925	35 093	2 807
of which retail SME	7 098	568	7 033	563	4 756	380
of which other retail exposures	18 592	1 487	18 704	1 496	16 741	1 339
Securitisation positions	948	76	838	67	2 042	163
<b>Total IRB approach</b>	<b>460 255</b>	<b>36 820</b>	<b>431 607</b>	<b>34 529</b>	<b>422 964</b>	<b>33 837</b>
<b>Credit risk standardised approach</b>						
Exposures to central governments or central banks	1 272	102	4 060	325	715	57
Exposures to regional governments or local authorities					47	4
Exposures to public sector entities	0	0			114	9
Exposures to institutions	1 241	99	844	68	639	51
Exposures to corporates	20 400	1 632	18 197	1 456	18 103	1 448
Retail exposures	13 052	1 044	12 084	967	15 845	1 268
Exposures secured by mortgages on immovable property	2 698	216	2 539	203	3 714	297
Exposures in default	56	5	112	9	459	37
Exposures associated with particularly high risk	779	62	866	69	1 322	106
Securitisation positions	0	0	222	18	216	17
Exposures in the form of collective investment undertakings (CIU)	43	3	41	3	40	3
Equity exposures	2 192	175	1 972	158	2 124	170
Other items	6 669	534	7 801	624	7 746	620
<b>Total standardised approach</b>	<b>48 401</b>	<b>3 872</b>	<b>48 739</b>	<b>3 899</b>	<b>51 083</b>	<b>4 087</b>
<b>Market risk</b>						
Trading book exposures where internal models are applied	17 635	1 411	24 892	1 991	27 086	2 167
Trading book exposures applying standardised approaches	11 332	907	9 881	790	13 563	1 085
Foreign exchange rate risk	2 362	189	4 022	322	4 478	358
<b>Total market risk</b>	<b>31 329</b>	<b>2 506</b>	<b>38 794</b>	<b>3 104</b>	<b>45 128</b>	<b>3 610</b>
<b>Other own funds requirements</b>						
Operational risk advanced measurement approach	47 402	3 792	48 219	3 858	46 793	3 743
Settlement risk	3	0	38	3	3	0
Credit value adjustment	7 523	602	6 767	541	6 301	504
Investment in insurance business	16 633	1 331	16 633	1 331	16 633	1 331
Other exposures	3 763	301	4 219	338	5 639	451
Additional risk exposure amount <sup>2)</sup>	0	0	15 802	1 264	15 503	1 240
<b>Total other own funds requirements</b>	<b>75 323</b>	<b>6 026</b>	<b>91 678</b>	<b>7 334</b>	<b>90 872</b>	<b>7 270</b>
<b>Total</b>	<b>615 308</b>	<b>49 225</b>	<b>610 819</b>	<b>48 866</b>	<b>610 047</b>	<b>48 804</b>

<sup>1)</sup> Own funds requirement 8% of risk exposure amount according to the Capital Requirements Regulation (EU).

<sup>2)</sup> The Additional REA was established in 2015 in agreement with the SFSA as a measure of prudence. Capital Requirements Regulation (EU) No 575/2013 (CRR) Article 3.

### Change in risk exposure amount (REA)

REA increased by SEK 4bn since year-end 2017.

Foreign exchange movements and some increase in credit volumes contributed to higher credit risk REA. This was, however, partly offset by improved asset quality and implementation of IFRS 9. Due to reclassification of assets and changes in provisions, credit risk REA decreased by SEK 2bn and market risk REA decreased by SEK 9bn (on the line item model updates, methodology & policy, other).

During the first quarter, SEB's application to recalibrate corporate PDs (probability of default) was approved, resulting in a REA increase of SEK 16 bn. The Additional REA, that amounted to SEK 15.8bn at year-end that was established in 2015 in agreement with the SFSA as a measure of prudence has been released following the approval.

SEK bn	
<b>Balance 31 Dec 2017</b>	<b>611</b>
Asset size	6
Asset quality	-7
Foreign exchange movements	16
Model updates, methodology & policy, other	-12
Underlying market and operational risk changes	2
<b>Balance 31 Mar 2018</b>	<b>615</b>

### Average risk-weight

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

IRB reported credit exposures (less repos and securities lending)	31 Mar 2018	31 Dec 2017	31 Mar 2017
<b>Average risk-weight</b>			
Exposures to central governments or central banks	2.7%	3.3%	
Exposures to institutions	25.4%	24.0%	26.8%
Exposures to corporates	31.1%	31.6%	31.5%
Retail exposures	10.3%	10.4%	9.9%
of which secured by immovable property	6.9%	7.0%	7.0%
of which retail SME	57.2%	59.6%	83.5%
of which other retail exposures	30.2%	30.7%	27.9%
Securitisation positions	10.3%	10.6%	41.9%

## 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
	2018	2017	%	2018	2017	%	2018	2017	%	2017
Interest income	8 404	7 990	5	8 404	7 861	7	8 404	7 861	7	32 285
Leasing income	1 393	1 382	1	1 393	1 345	4	1 393	1 345	4	5 481
Interest expense	-4 508	-4 311	5	-4 508	-4 391	3	-4 508	-4 391	3	-17 750
Dividends	3 017	1 207	150	3 017	1 964	54	3 017	1 964	54	6 981
Fee and commission income	3 070	3 176	-3	3 070	2 951	4	3 070	2 951	4	12 153
Fee and commission expense	- 841	- 649	30	- 841	- 674	25	- 841	- 674	25	-2 596
Net financial income	1 152	962	20	1 152	1 467	-21	1 152	1 467	-21	4 493
Other income	166	509	-67	166	245	-32	166	245	-32	1 342
<b>Total operating income</b>	<b>11 853</b>	<b>10 267</b>	<b>15</b>	<b>11 853</b>	<b>10 767</b>	<b>10</b>	<b>11 853</b>	<b>10 767</b>	<b>10</b>	<b>42 390</b>
Administrative expenses	-3 769	-3 571	6	-3 769	-3 650	3	-3 769	-3 650	3	-14 252
Depreciation, amortisation and impairment of tangible and intangible assets	-1 357	-2 332	-42	-1 357	-1 315	3	-1 357	-1 315	3	-6 377
<b>Total operating expenses</b>	<b>-5 126</b>	<b>-5 903</b>	<b>-13</b>	<b>-5 126</b>	<b>-4 965</b>	<b>3</b>	<b>-5 126</b>	<b>-4 965</b>	<b>3</b>	<b>-20 629</b>
<b>Profit before credit losses</b>	<b>6 727</b>	<b>4 364</b>	<b>54</b>	<b>6 727</b>	<b>5 802</b>	<b>16</b>	<b>6 727</b>	<b>5 802</b>	<b>16</b>	<b>21 761</b>
Net expected credit losses <sup>1)</sup>	-197			-197			-197			
Net credit losses <sup>2)</sup>		- 162			- 72			- 72		- 749
Impairment of financial assets	-2 264	-1 347	68	-2 264	- 47		-2 264	- 47		-1 497
<b>Operating profit</b>	<b>4 266</b>	<b>2 855</b>	<b>49</b>	<b>4 266</b>	<b>5 683</b>	<b>-25</b>	<b>4 266</b>	<b>5 683</b>	<b>-25</b>	<b>19 515</b>
Appropriations	279	664	-58	279	505	-45	279	505	-45	1 885
Income tax expense	- 612	- 713	-14	- 612	-1 049	-42	- 612	-1 049	-42	-3 633
Other taxes	230	19		230	20		230	20		43
<b>NET PROFIT</b>	<b>4 163</b>	<b>2 825</b>	<b>47</b>	<b>4 163</b>	<b>5 159</b>	<b>-19</b>	<b>4 163</b>	<b>5 159</b>	<b>-19</b>	<b>17 811</b>

1) Expected credit loss figures for 2018 according to IFRS 9.

2) Incurred credit loss figures for 2017 according to IAS 39.

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

SEK m	Q1			Q4			Jan–Mar			Full year
	2018	2017	%	2018	2017	%	2018	2017	%	2017
<b>NET PROFIT</b>	<b>4 163</b>	<b>2 825</b>	<b>47</b>	<b>4 163</b>	<b>5 159</b>	<b>-19</b>	<b>4 163</b>	<b>5 159</b>	<b>-19</b>	<b>17 811</b>
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets		- 759			75			75		- 878
Cash flow hedges	- 259	- 261	-1	- 259	- 351	-26	- 259	- 351	-26	-1 207
Translation of foreign operations	45	- 10		45	25	80	45	25	80	- 8
<b>OTHER COMPREHENSIVE INCOME</b>	<b>- 214</b>	<b>-1 030</b>	<b>-79</b>	<b>- 214</b>	<b>- 251</b>	<b>-15</b>	<b>- 214</b>	<b>- 251</b>	<b>-15</b>	<b>-2 093</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3 949</b>	<b>1 795</b>	<b>120</b>	<b>3 949</b>	<b>4 908</b>	<b>-20</b>	<b>3 949</b>	<b>4 908</b>	<b>-20</b>	<b>15 718</b>

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

SEK m	31 Mar 2018	1 Jan 2018	31 Dec 2017	31 Mar 2017
Cash and cash balances with central banks	233 863	97 741	97 741	286 222
Loans to central banks	5 669	8 832	8 832	5 945
Loans to credit institutions	144 699	189 949	189 949	232 709
Loans to the public	1 369 717	1 207 024	1 208 169	1 223 834
Debt securities	193 484	124 732	125 070	241 104
Equity instruments	53 039	50 098	50 098	52 712
Derivatives	130 233	104 220	104 220	132 102
Other assets	119 478	108 082	108 084	135 501
<b>TOTAL ASSETS</b>	<b>2 250 182</b>	<b>1 890 678</b>	<b>1 892 163</b>	<b>2 310 129</b>
Deposits from central banks and credit institutions	184 531	134 562	134 561	248 146
Deposits and borrowings from the public <sup>1)</sup>	1 015 909	849 488	849 479	941 098
Debt securities issued	687 147	610 292	610 292	726 374
Short positions in securities	44 017	24 985	24 985	43 200
Derivatives	109 547	86 990	86 990	106 437
Other financial liabilities	3 795	3 894	3 894	18 790
Other liabilities	89 206	55 443	55 772	109 808
Untaxed reserves	21 423	21 429	21 429	21 761
Total equity	94 607	103 595	104 762	94 515
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 250 182</b>	<b>1 890 678</b>	<b>1 892 163</b>	<b>2 310 129</b>
1) Private and SME deposits covered by deposit guarantee	193 005	186 674	186 674	177 393
Private and SME deposits not covered by deposit guarantee	141 921	135 254	135 254	113 426
All other deposits	680 982	500 224	500 224	650 279
Total deposits from the public	<b>1 015 909</b>	<b>822 151</b>	<b>822 151</b>	<b>941 098</b>

## Pledged assets and obligations - Skandinaviska Enskilda Banken AB (publ.)

SEK m	31 Mar 2018	1 Jan 2018	31 Dec 2017	31 Mar 2017
Pledged assets for own liabilities	434 846	447 925	447 925	424 533
Other pledged assets	125 888	114 494	114 494	164 681
<b>Pledged assets</b>	<b>560 734</b>	<b>562 419</b>	<b>562 419</b>	<b>589 214</b>
Contingent liabilities	132 267	103 059	103 059	102 005
Commitments	532 790	435 488	435 488	527 382
<b>Obligations</b>	<b>665 057</b>	<b>538 547</b>	<b>538 547</b>	<b>629 387</b>

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

SEK m	31 Mar 2018	31 Dec 2017	31 Mar 2017
<b>Own funds</b>			
Common Equity Tier 1 capital	101 962	101 810	99 625
Tier 1 capital	116 208	115 733	119 596
Total own funds	133 548	131 328	141 886
<b>Own funds requirement</b>			
Risk exposure amount	552 736	514 328	515 416
Expressed as own funds requirement	44 219	41 146	41 233
Common Equity Tier 1 capital ratio	18.4%	19.8%	19.3%
Tier 1 capital ratio	21.0%	22.5%	23.2%
Total capital ratio	24.2%	25.5%	27.5%
Own funds in relation to capital requirement	3.02	3.19	3.44
Regulatory Common Equity Tier 1 capital requirement including buffers	8.1%	8.2%	8.1%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	1.1%	1.2%	1.1%
Common Equity Tier 1 capital available to meet buffers <sup>1)</sup>	13.9%	15.3%	14.8%

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

The internally assessed capital requirement for the parent company amounted to SEK 66bn (61).

## Definitions - Alternative Performance Measures<sup>1</sup>

### Items affecting comparability

To facilitate the comparison of operating profit between current and previous periods, items with significant impact that management considers affect the comparability or are relevant for the understanding of the financial result, are identified and presented separately, for example impairment of goodwill, restructuring, net profit from divestments and other income or costs that are not recurring.

### Operating profit

Total profit before tax.

### Operating profit before items affecting comparability

Total profit before items affecting comparability and tax.

### Return on equity

Net profit attributable to shareholders in relation to average<sup>2</sup> 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 average<sup>2</sup> shareholders' equity.

### Return on business equity

Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average<sup>2</sup> business equity (allocated capital).

### Return on total assets

Net profit attributable to shareholders, in relation to average<sup>2</sup> total assets.

### Return on risk exposure amount

Net profit attributable to shareholders in relation to average<sup>2</sup> risk exposure amount.

### Cost/income ratio

Total operating expenses in relation to total operating income.

<sup>1</sup> 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 SEB's financial situation and provide additional relevant information and tools to enable analysis of 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.

<sup>2</sup> Average year-to-date, calculated on month-end figures.

<sup>3</sup> Average, calculated on a daily basis.

### Basic earnings per share

Net profit attributable to shareholders in relation to the weighted average<sup>3</sup> number of shares outstanding before dilution.

### Diluted earnings per share

Net profit attributable to shareholders in relation to the weighted average<sup>3</sup> diluted number of shares. The calculated dilution is based on the estimated economic value of the long-term equity-based programmes.

### Net worth per share

The sum of shareholders' equity and 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.

### APMs related to credit risk:

Based upon IFRS 9

### Expected credit Losses, ECL

Probability weighted credit losses with the respective risk of a default.

### ECL allowances

The allowance for expected credit losses on financial assets, contract assets, loan commitments and financial guarantee contracts.

### Net ECL level

Net credit impairments as a percentage of the opening balance of debt securities and loans to the public and credit institutions measured at amortised cost, financial guarantees and loan commitments, less ECL allowances.

### ECL coverage ratio

ECL allowances as a percentage of underlying gross carrying amounts and nominal amounts of financial guarantees and loan commitments.

### APMs related to credit risk:

Pre IFRS 9 implementation

### Credit loss level

Net credit losses in relation to the sum of the opening balances 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, in relation to the sum 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), in relation to the sum 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 in relation to individually assessed impaired loans.

**Total reserve ratio for individually assessed impaired loans**

Total reserves (specific reserves and collective reserves for individually assessed impaired loans) in relation to individually assessed impaired loans.

**Reserve ratio for portfolio assessed loans**

Collective reserves for portfolio assessed loans in relation to portfolio assessed loans past due more than 60 days or restructured loans.

**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 more than 60 days and restructured portfolio assessed loans.

**NPL coverage ratio**

Total reserves (specific, collective and off balance sheet reserves) in relation to non-performing loans.

**NPL per cent of lending**

Non-performing loans in relation to the sum of loans to the public and loans to credit institutions before reduction of reserves.

**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.

The excel file **Alternative Performance Measures**, available on [sebgroup.com/ir](http://sebgroup.com/ir), provides information on how the measures are calculated.

## 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, 274,000 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, Germany and the United Kingdom 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 [sebgroup.com/jr](http://sebgroup.com/jr)