

Interim Report

January–March 2016

STOCKHOLM 27 APRIL 2016

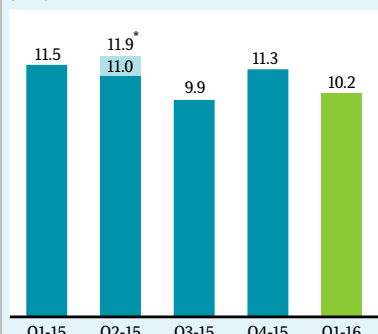
“2016 marks the start of our new three-year business plan. However, in this quarter the prevailing market sentiment led to low customer activity.”

Annika Falkengren

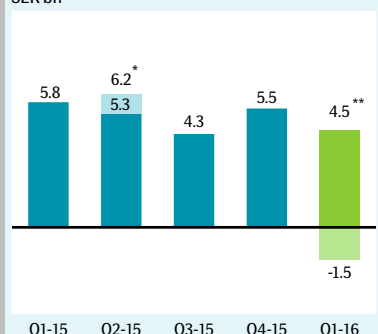


Interim Report – the first quarter 2016

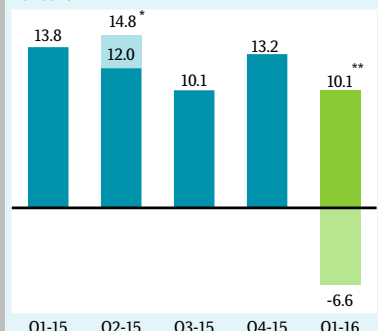
Operating income SEK bn



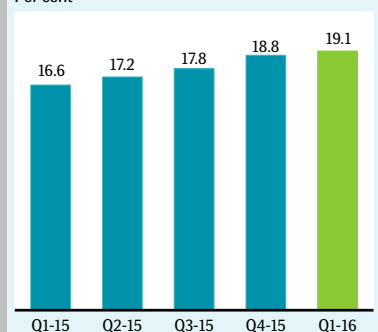
Operating profit SEK bn



Return on Equity Per cent



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



* Excluding Swiss withholding tax decision.
 ** Excluding goodwill impairment and other one-off items.

First quarter 2016

(Compared with the fourth quarter 2015)

- Operating profit SEK -1.5bn (5.5). Net profit SEK -2.3bn (4.6).
- Operating income SEK 10.2bn (11.3) and operating expenses SEK 11.4bn (5.5).
- Excluding one-off items operating profit amounted to SEK 4.5bn, net profit to SEK 3.7bn and operating expenses to SEK 5.4m.
- Net credit losses SEK 0.3bn (0.2). Credit loss level 0.08 per cent (0.06).
- Return on equity -6.6 per cent (13.2) and earnings per share SEK -1.05 (2.10).
- Excluding one-off items return on equity was 10.1 per cent and earnings per share SEK 1.62.

Volumes

(Compared with 31 December 2015)

- Loans to the public SEK 1,402bn (1,353).
- Deposits and borrowings from the public SEK 968bn (884).
- Assets under management SEK 1,637bn (1,700).

Capital and liquidity

(Compared with 31 December 2015)

- Common Equity Tier 1 capital ratio 19.1 per cent (18.8).
- Leverage ratio 4.6 per cent (4.9).
- Liquidity Coverage Ratio (LCR) 132 per cent (128).
- Core liquidity reserve SEK 408bn (352).

Effects from SEB's reorganisation

As of 1 January 2016, SEB implemented a new customer-oriented organisation. In a press release published on 29 March 2016, the financial effects of the reorganisation were disclosed, including detailed information and restated financial statements. The information is available at sebgroup.com/ir, in pdf and excel formats.

The reorganisation resulted in a number of financial effects which impacted the result for the first quarter 2016 negatively. The table below provides the operating result including (reported) and excluding (underlying) the following one-off items:

1. An impairment of goodwill in the amount of SEK 5,334m. In the new organisation, goodwill was allocated below the divisional level. The impairment that resulted was of a technical nature since it was a function of evaluating the goodwill at a business unit and geographical level, rather than the divisional level. The expense was not tax deductible.
2. Other one-off financial effects from restructuring activities in the Baltic and German businesses and a write-down (derecognition) of intangible IT-assets no longer in use. In total, these items amounted to SEK 615m and there was a positive tax effect amounting to SEK 101m.

Pro forma income statement – First quarter 2016 reported operating profit, one-off items and underlying operating profit

SEK m	Reported	One-off items	Underlying	Q4		Jan - Mar	
	Q1 2016		Q1 2016	2015	%	2015	%
Total operating income	10 222	0	10 222	11 280	-9	11 538	-11
Total operating expenses	-11 365	-5 949	-5 416	-5 478	-1	-5 484	-1
Profit before credit losses	-1 143	-5 949	4 806	5 802	-17	6 054	-21
Net credit losses etc	-313	0	-313	-297	5	-264	19
Operating profit	-1 456	-5 949	4 493	5 505	-18	5 790	-22

Reorganisation accounting effects

All information in this report, including historical information provided for comparison purposes, reflects the reorganisation and restatement.

The restatement of the financial information also includes a reallocation of the line item *net life insurance income* to *net fee and commission income*, *net financial income* and *net other income*. The deferred acquisition costs within the life business are now part of *net fee and commission income* and are no longer reported as *operating*

expenses, in line with market practice. SEB's cost cap has been aligned accordingly and now amounts to SEK 22bn for 2016 and 2017.

In this report SEB's practice for providing comparative numbers has changed. For the income statement the comparative numbers now refer to the previous quarter. Business volumes are compared to year-end 2015, unless otherwise stated.

President's comment

The development with negative interest rates, high global indebtedness and volatile asset prices continues to stress that global growth has not yet taken off. The Nordic region faces divergent challenges. While Sweden is growing above trend on the back of high public and private consumption, the imbalances in the housing market remain. The Riksbank lowered its repo rate another 15 basis points to minus 0.50 per cent in the quarter. Growth in Denmark is fairly stable, while lower energy prices are pressuring growth to below trend in Norway. Structural problems continue to impact the Finnish economy. The Baltic economies continue to show good resilience to the Russian sanctions. At the very start of the year, equity markets dropped sharply following volatile oil prices and uncertainty regarding growth expectations in China. Towards the end of the quarter equity markets recovered somewhat and credit spreads tightened.

Operating result impacted by one-off items

Our vision to deliver world-class service reflects our view of the future in which customer orientation and digitisation increase in importance. Customer experience will be key. For this reason we have reorganised the bank and we are changing our way of working.

The reorganisation into customer segments, which we communicated on 29 March and implemented as of 1 January, led to a technical impairment of goodwill of SEK 5.3bn. With the new divisional set-up, impairment tests are performed at business unit and geographical level and not the divisional level. In the quarter, we also had other one-off items totalling SEK 0.6bn. Excluding these one-off items operating profit amounted to SEK 4.5bn and return on equity was 10.1 per cent.

Low customer activity in present market sentiment

This quarter marks the start of our new three-year business plan. In the present environment, with high uncertainty in the financial markets and negative interest rates that seem to prevail for a prolonged period of time, customer activity was low. This resulted in a decrease in all income items compared to the fourth quarter last year.

Large corporate customers' demand for risk management services remained high. Low investment levels and absence of M&A activities limited the demand for corporate lending and the Nordic IPO market lost the momentum seen last year.

The trend seen during the second half of 2015 of a more positive sentiment among SME-customers continued. We continue to attract full-service customers both in Sweden and in the Baltic countries. In Sweden and Lithuania demand for credit among SMEs increased.

Institutional investors and private individuals have taken a cautious investment approach. However, negative interest rates seem to force pension funds and other long-term institutional investors to search for yield.

Private individuals continue to demand low-risk savings products. During the quarter we launched our traditional insurance within the occupational pension area. In the long-term savings area, we see that clients highly appreciate our digital customer meetings with convenient remote advice. The number of meetings increased by more than 50 per cent and with high loyalty scores. Overall private individuals' interactions in our mobile banking applications continue to grow sharply and are 3.5 times as high as in the internet bank.

Strong asset quality and improved capital ratios

Being a corporate bank we take great pride in knowing our customers well. Asset quality remained stable and strong with a credit loss level of 8 basis points and a coverage ratio of 62 per cent.

We continue to strengthen our balance sheet, so that we can secure our vital role to support corporate and private customers at all times. The Common Equity Tier 1 capital ratio reached 19.1 per cent.

We have set out on an ambitious journey to deliver world-class service to our customers. With the market development in the first quarter we have had a tough start. With 11 more quarters to deliver on our business plan, we remain highly focused and determined to reach our vision.



A handwritten signature in black ink, appearing to read 'C. Linder'. The signature is fluid and stylized.

The Group

The first quarter 2016

The operating profit amounted to SEK -1,456m (5,505) and net profit (after tax) amounted to SEK -2,294m (4,601).

Operating income

Total operating income amounted to SEK 10,222m (11,280).

Net interest income amounted to SEK 4,636m, in line with the fourth quarter 2015 (4,677). The negative Swedish repo rate was lowered from -0.35 to -0.50 per cent during the quarter and the ECB lowered its Euro refinancing interest rate to zero in March.

	Q1	Q4	Q1
SEK m	2016	2015	2015
Customer-driven NII	4 967	4 810	4 559
NII from other activities	-331	-133	387
Total	4 636	4 677	4 946

Customer-driven net interest income increased by SEK 157m compared to the fourth quarter last year. The change was margin-driven, both regarding customer loans and deposits. Net interest income from other activities decreased by SEK 198m from year-end. Regulatory fees, including resolution and deposit guarantee fees, amounted to SEK 329m, a 10 per cent increase from the quarterly average of last year.

Net fee and commission income decreased by 11 per cent to SEK 3,897m (4,395). Card fees decreased slightly, an expected seasonal effect, and also due to a full quarterly effect from the regulatory cap on interchange fees. Payment-related fees were somewhat higher than the previous quarter. Fee income was negatively affected by the low customer demand for large corporate transactions and loans. Fees relating to asset management decreased due to the negative development in the stock markets which lowered market value of assets under management. Performance and transaction fees for the first quarter amounted to SEK 22m (183). Net commissions relating to the life insurance business amounted to SEK 245m, a decrease of 13 per cent compared to the fourth quarter 2015.

Net financial income decreased by SEK 238m to SEK 1,385m since year-end (1,623). The unrealised net valuation adjustments from counterparty risk (CVA) and own credit standing in derivatives (DVA) and own credits, i.e. issued structured bonds (OCA), were SEK 273m lower than at year-end. Towards the end of the quarter, customers became increasingly active and net financial income picked up. Net financial income relating to the traditional life insurance operations in Sweden and Denmark decreased.

Net other income amounted to SEK 304m (585). Both the fourth quarter 2015 and the first quarter 2016 contained a combination of realised capital gains and unrealised valuation and hedge accounting effects.

Operating expenses

Total operating expenses amounted to SEK 11,365m.

Underlying operating expenses decreased to SEK 5,416m (5,478). Underlying expenses exclude one-off effects, impairment of goodwill in the amount of SEK 5,334m, restructuring activities in the Baltic and German business and a write-down (derecognition) of intangible IT-assets that are no longer in use, in total amounting to SEK 615m.

As a result of the change in the reporting of the life insurance operations, moving deferred acquisition costs from operating expenses to net fee and commission income, SEB's cost cap of SEK 22.5bn was adjusted. The cap on operating expenses is now SEK 22bn for the year 2016 and 2017.

Gains less losses from tangible and intangible assets

The net loss from tangible and intangible assets amounted to SEK 22m (78), representing valuation adjustments on assets held for sale within the Baltic real estate holding companies.

Credit losses and provisions

Net credit losses amounted to SEK 291m (219). The credit loss level was 8 basis points (6).

Income tax expense

Total income tax expense was SEK 838m (904). The goodwill impairment was not tax deductible. Excluding this item, the effective tax rate for the first quarter was 22 per cent. The expense included tax on a dividend from SEB's subsidiary bank in Estonia. The dividend amounted to SEK 186m. The subsidiary's result is taxed when it is paid out in the form of a dividend.

Other comprehensive income

The other comprehensive income amounted to SEK -2,343m in total (1,317).

The net revaluation of the defined benefit pension plans had a negative effect of SEK 3,105m in the first quarter versus a positive effect in the fourth quarter last year of SEK 2,736m. The market value of the plan assets decreased while the pension obligation increased when discount rates were lowered. The discount rate in Sweden was changed during the quarter to 2.5 per cent (3.1). The discount rate in Germany was changed to 1.7 per cent (2.4).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was positive in the amount of SEK 762m (-1,419). The valuation of available-for-sale financial assets included the Baltic bank's principal membership in VISA Europe.

Business volumes

Total assets at the end of the period were SEK 2,700bn, an increase by SEK 204bn compared to year-end (2,496). At year-end the volume of trading and repo activities was low, which led to lower issuance of commercial papers and certificates of deposits as well as lower volumes of short-term deposits placed by financial corporates. These activities rebound during the first quarter.

Loans to the public amounted to SEK 1,402bn, an increase of SEK 49bn during the quarter. Excluding repos and debt instruments, loans to the public increased by SEK 15bn.

	Mar	Dec	Mar
SEK bn	2016	2015	2015
General governments	36	38	56
Households	530	530	519
Corporates	725	708	712
Repos	93	59	108
Debt securities	18	18	22
Loans to the public	1 402	1 353	1 417

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 1,993bn (2,065). During the quarter total household loans and commitments increased by SEK 6bn. The combined corporate and property management loans and commitments decreased by SEK 7bn.

Deposits from the public amounted to SEK 968bn, which was an increase of SEK 84bn compared to year-end.

	Mar	Dec	Mar
SEK bn	2016	2015	2015
General governments	38	29	79
Households	261	262	246
Corporates	648	586	690
Repos	21	7	5
Deposits and borrowings from the public	968	884	1 020

Compared to year-end, household deposits were unchanged while in particular short-term financial corporate deposits increased by SEK 62bn.

Total assets under management amounted to SEK 1,637bn (1,700). The net inflow of assets during the quarter was SEK 7bn and the total market value decreased by SEK 70bn.

Assets under custody decreased reflecting the drop in equity market values and amounted to SEK 6,712bn (7,196).

Market risk

SEB's business model is customer flow-driven. Value-at-Risk (VaR) in the trading operations averaged SEK 113m in the first quarter 2016 (fourth quarter 2015 average 108). On average, the Group is not expected to lose more than this amount during a period of ten trading days, with 99 per cent probability. The volatile first quarter was characterised by swings in credit spreads and equity markets, falling interest rates as well as the central bank interventions. This led to the increase in average VaR compared to the previous quarter.

Liquidity and long-term funding

During the first quarter SEK 18bn of long-term funding matured (of which SEK 14bn covered bonds, SEK 3bn senior debt and SEK 1bn structured financing) and SEK 47bn was issued (of which SEK 27bn constituted covered bonds and SEK 20bn senior debt). Commercial papers and certificates of deposits increased by SEK 8bn during the quarter.

The core liquidity reserve at the end of the period amounted to SEK 408bn (352).

The Liquidity Coverage Ratio (LCR), according to the rules adapted for Sweden by the Swedish Financial Supervisory Authority, must be at least 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was 132 per cent (128). The USD and EUR LCRs were 200 and 277 per cent, respectively.

The Bank is committed to a stable funding base. SEB's internal structural liquidity measure, which measures the proportion of stable funding in relation to illiquid assets, Core Gap, was 113 per cent.

Rating

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

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

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

Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 19.1 per cent. SEB's estimate of the full pillar 1 and 2 CET1 capital requirements – where the pillar 2 requirements were calculated according to the methods set by the Swedish Financial Supervisory Authority (SFSA) – was 16.0 per cent at year-end 2015 and was estimated at 16.2 per cent at 31 March 2016. The bank aspires to have a buffer of about 150 basis points above the regulatory requirement.

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

	Mar	Dec	Mar
Own funds requirement, Basel III	2016	2015	2015
Risk exposure amount, SEK bn	563	571	623
Common Equity Tier 1 capital ratio, %	19.1	18.8	16.6
Tier 1 capital ratio, %	21.5	21.3	18.8
Total capital ratio, %	23.9	23.8	21.1
Leverage ratio, %	4.6	4.9	4.1

The risk exposure amount (REA) decreased by SEK 8bn in the first quarter 2016. The decrease was mostly driven by a change in underlying market risk. The Additional Risk

Exposure Amount that was established in the fourth quarter of 2015 in agreement with the SFSA as a measure of prudence, remained at SEK 9bn.

Equity was reduced due to the loss in the first quarter. The settlement date for the dividend for the year 2015 was 31 March 2016. The dividend amount of SEK 11.5bn decreased equity accordingly. Since there already is a requirement to deduct goodwill from the capital base, the effect from the impairment on the capital ratios was insignificant.

The CET 1 capital ratio improved by 0.3 percentage points during the quarter, mainly driven by lower REA.

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 Swedish Financial Supervisory Authority, and
- to generate a return on equity that is competitive with peers.

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

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 2015 (see p 40-46 and notes 18-20) and in the Capital Adequacy and Risk Management report for 2015. Further information is presented in the Fact Book on a quarterly basis.

The macroeconomic development remains uncertain, the large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks world-wide may create direct and indirect effects that are difficult to assess. In addition, there is uncertainty around the effects on the bank from a potential prolongation of the current low or negative interest rates.

Other information

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

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

Stockholm 27 April 2016

The President declares that the Interim Report for January – March 2016 provides a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.

Annika Falkengren

President and Chief Executive Officer

Press conference and webcasts

The press conference at 10 am on 27 April 2016, at Kungsträdgårdsgatan 8 with the President and CEO Annika Falkengren can be followed live in Swedish on www.sebgroup.com/sv/ir. A simultaneous translation into English will be available on www.sebgroup.com/ir. A replay will be available afterwards.

Access to telephone conference

The telephone conference at 1.30 pm on 27 April 2016 with the President and CEO Annika Falkengren, the CFO Jan Erik Back and the Head of Investor Relations Jonas Söderberg, can be accessed by telephone, +44(0)20 7162 0077 or +46(0)8 5052 0110. Please quote conference id: 958391 and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

Further information is available from:

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

Financial information calendar

14 July 2016	Interim report January-June 2016
20 October 2016	Interim report January-September 2016

The silent period starts 7 July

The silent period starts 7 October

Accounting policies

This Interim Report is presented in accordance with IAS 34 *Interim Financial Reporting*. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting 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 2016 amendments and clarifications of several IFRS standards came into force. IAS 27 Separate Financial Statements have been amended regarding the equity method in separate financial statements. IFRS 11 Joint Arrangements have been amended regarding accounting for acquisitions of interests in joint operations. IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets have been clarified regarding acceptable methods of depreciation and amortisation. IAS 1 Presentation of Financial Statements has

been amended with clarifications of, for example, materiality and disclosure requirements. Annual Improvements 2012–2014 Cycle has narrowly amended several IFRS standards. These changes have not had a material impact on the financial statements of the Group or on capital adequacy and large exposures.

IFRS 4 *Insurance Contracts* allows non-uniform accounting policies for insurance contracts. A change in accounting policies for calculating insurance liabilities in Denmark was made as of 1 January 2016 to be aligned with Solvency II principles.

The reorganisation as of 1 January 2016 amended the reportable segments of the Group and goodwill was reallocated to business unit and geographical level rather than the divisional level in accordance with IFRS 8 *Operating Segments* and IAS 36 *Impairment of Assets*.

For the Parent company the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority have been updated. The main changes relates to alignment to IFRS regarding presentation and disclosures of contingent liabilities. Further a restricted reserve within equity has been implemented for intangible assets related to internally generated development expenses.

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 2015 Annual Report.

Review report

We have reviewed this interim report for the period 1 January 2016 to 31 March 2016 for Skandinaviska Enskilda Banken AB (publ.). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm 27 April 2016

PricewaterhouseCoopers AB

Peter Nyllinge

Authorised Public Accountant
Partner in charge

The SEB Group

Income statement – SEB Group

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Net interest income	4 636	4 677	-1	4 636	4 946	-6	18 938
Net fee and commission income	3 897	4 395	-11	3 897	4 670	-17	18 345
Net financial income	1 385	1 623	-15	1 385	1 709	-19	5 478
Net other income	304	585	-48	304	213	43	1 002
Total operating income	10 222	11 280	-9	10 222	11 538	-11	43 763
Staff costs	-3 751	-3 524	6	-3 751	-3 556	5	-14 436
Other expenses	-1 704	-1 731	-2	-1 704	-1 683	1	-6 355
Depreciation, amortisation and impairment of tangible and intangible assets	-5 910	- 223		-5 910	- 245		-1 011
Total operating expenses	-11 365	-5 478	107	-11 365	-5 484	107	-21 802
Profit before credit losses	-1 143	5 802		-1 143	6 054		21 961
Gains less losses from tangible and intangible assets	- 22	- 78	-72	- 22	- 76	-71	- 213
Net credit losses	- 291	- 219	33	- 291	- 188	55	- 883
Operating profit	-1 456	5 505		-1 456	5 790		20 865
Income tax expense	- 838	- 904	-7	- 838	-1 139	-26	-4 284
Net profit	-2 294	4 601		-2 294	4 651		16 581
Attributable to minority interests							
Attributable to shareholders	-2 294	4 601		-2 294	4 651		16 581
Basic earnings per share, SEK	-1.05	2.10		-1.05	2.12		7.57
Diluted earnings per share, SEK	-1.04	2.09		-1.04	2.11		7.53

Statement of comprehensive income – SEB Group

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Net profit	-2 294	4 601		-2 294	4 651		16 581
<i>Items that may subsequently be reclassified to the income statement:</i>							
Available-for-sale financial assets	498	- 387		498	95		- 719
Cash flow hedges	190	- 562		190	498		- 667
Translation of foreign operations	74	- 470		74	- 227		- 573
<i>Items that will not be reclassified to the income statement:</i>							
Defined benefit plans	-3 105	2 736		-3 105	- 767		4 178
Other comprehensive income (net of tax)	- 2 343	1 317		- 2 343	- 401		2 219
Total comprehensive income	- 4 637	5 918		- 4 637	4 250		18 800
Attributable to minority interests							
Attributable to shareholders	-4 637	5 918		-4 637	4 250		18 800

Balance sheet – SEB Group

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash and cash balances with central banks	151 214	101 429	202 537
Other lending to central banks	7 251	32 222	1 714
Loans to credit institutions ¹⁾	81 378	58 542	117 977
Loans to the public	1 402 360	1 353 386	1 417 342
Financial assets at fair value through profit or loss ²⁾	929 749	826 945	1 104 400
Fair value changes of hedged items in a portfolio hedge	151	104	139
Available-for-sale financial assets ²⁾	37 253	37 368	43 892
Held-to-maturity investments ²⁾			90
Assets held for sale	618	801	1 400
Investments in associates	1 082	1 181	1 155
Tangible and intangible assets	20 307	26 203	26 890
Other assets	68 724	57 783	61 680
Total assets	2 700 087	2 495 964	2 979 216
Deposits from central banks and credit institutions	171 066	118 506	211 439
Deposits and borrowing from the public	967 795	883 785	1 020 177
Liabilities to policyholders	368 106	370 709	389 547
Debt securities issued	674 616	639 444	736 605
Financial liabilities at fair value through profit or loss	266 702	230 785	358 627
Fair value changes of hedged items in a portfolio hedge	1 727	1 608	2 046
Liabilities held for sale			240
Other liabilities	89 521	75 084	95 571
Provisions	2 598	1 873	3 167
Subordinated liabilities	31 719	31 372	33 113
Total equity	126 237	142 798	128 684
Total liabilities and equity	2 700 087	2 495 964	2 979 216

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

2) Whereof bonds and other interest bearing securities. 376 470 295 444 406 244

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Pledged assets for own liabilities ¹⁾	540 635	496 825	591 323
Pledged assets for liabilities to insurance policyholders	368 106	370 709	389 547
Other pledged assets ²⁾	139 003	146 521	173 880
Pledged assets	1 047 744	1 014 055	1 154 750
Contingent liabilities	103 151	109 297	115 290
Commitments	627 422	609 872	710 597
Contingent liabilities and commitments	730 573	719 169	825 887

1) Of which collateralised for covered bonds SEK 357,017m (354,651/366,370).

2) Securities lending SEK 58,828m (63,528/85,151) and pledged but unencumbered bonds SEK 66,012m (73,781/79,435).

Key figures – SEB Group

	Q1	Q4		Jan - Mar	Full year
	2016	2015		2016	2015
Return on equity, %	-6.58	13.19		-6.58	12.24
Return on equity excluding one-off items ¹⁾ , %	10.09	13.10		10.09	12.85
Return on total assets, %	-0.33	0.65		-0.33	0.57
Return on risk exposure amount, %	-1.61	3.10		-1.61	2.71
Cost/income ratio	1.11	0.49		1.11	0.50
Cost/income ratio excluding one-off items ¹⁾	0.53	0.49		0.53	0.49
Basic earnings per share, SEK	-1.05	2.10		-1.05	7.57
Weighted average number of shares ²⁾ , millions	2 192	2 193		2 192	2 191
Diluted earnings per share, SEK	-1.04	2.09		-1.04	7.53
Weighted average number of diluted shares ³⁾ , millions	2 202	2 203		2 202	2 203
Net worth per share, SEK	64.43	72.09		64.43	72.09
Equity per share, SEK	57.61	65.11		57.61	65.11
Average shareholders' equity, SEK, billion	139.5	139.6		139.5	135.5
Credit loss level, %	0.08	0.06		0.08	0.06
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	132	128		132	128
<u>Own funds requirement, Basel III</u>					
Risk exposure amount, SEK m	562 754	570 840		562 754	570 840
Expressed as own funds requirement, SEK m	45 020	45 667		45 020	45 667
Common Equity Tier 1 capital ratio, %	19.1	18.8		19.1	18.8
Tier 1 capital ratio, %	21.5	21.3		21.5	21.3
Total capital ratio, %	23.9	23.8		23.9	23.8
Leverage ratio, %	4.6	4.9		4.6	4.9
Number of full time equivalents ⁵⁾	15 416	15 416		15 404	15 605
Assets under custody, SEK bn	6 712	7 196		6 712	7 196
Assets under management, SEK bn	1 637	1 700		1 637	1 700

1) Swiss withholding tax decision in Q2 2015. Impairment of goodwill and restructuring effects in Q1 2016.

2) The number of issued shares was 2,194,171,802. SEB owned 850,426 Class A shares for the equity based programmes at year end 2015. During 2016 SEB has purchased 2,870,000 shares and 710,904 shares have been sold. Thus, at March 31 2016 SEB owned 3,009,522 Class A-shares with a market value of SEK 233m.

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

4) According to Swedish FSA regulations for respective period.

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

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

Income statement on quarterly basis - SEB Group

	Q1	Q4	Q3	Q2	Q1
SEK m	2016	2015	2015	2015	2015
Net interest income	4 636	4 677	4 683	4 632	4 946
Net fee and commission income	3 897	4 395	4 086	5 194	4 670
Net financial income	1 385	1 623	1 152	994	1 709
Net other income	304	585	28	176	213
Total operating income	10 222	11 280	9 949	10 996	11 538
Staff costs	-3 751	-3 524	-3 602	-3 754	-3 556
Other expenses	-1 704	-1 731	-1 436	-1 505	-1 683
Depreciation, amortisation and impairment of tangible and intangible assets	-5 910	- 223	- 284	- 259	- 245
Total operating expenses	-11 365	-5 478	-5 322	-5 518	-5 484
Profit before credit losses	-1 143	5 802	4 627	5 478	6 054
Gains less losses from tangible and intangible assets	- 22	- 78	- 53	- 6	- 76
Net credit losses	- 291	- 219	- 256	- 220	- 188
Operating profit	-1 456	5 505	4 318	5 252	5 790
Income tax expense	- 838	- 904	- 915	-1 326	-1 139
Net profit	-2 294	4 601	3 403	3 926	4 651
Attributable to minority interests					
Attributable to shareholders	-2 294	4 601	3 403	3 926	4 651
Basic earnings per share, SEK	-1.05	2.10	1.55	1.79	2.12
Diluted earnings per share, SEK	-1.04	2.09	1.54	1.78	2.11

Income statement by division – SEB Group

	Large Corporates & Financial Institutions		Corporate & Private Customers	Life & Investment Management		Other	Eliminations	SEB Group
Jan-Mar 2016, SEK m								
Net interest income	2 081	2 188	507	- 14	- 113	- 13		4 636
Net fee and commission income	1 384	1 275	263	917	9	49		3 897
Net financial income	897	90	55	367	- 24			1 385
Net other income	175	6	- 5	18	110			304
Total operating income	4 537	3 559	820	1 288	- 18	36		10 222
Staff costs	-1 087	- 844	- 182	- 374	-1 274	10		-3 751
Other expenses	-1 355	- 888	- 320	- 232	1 137	- 46		-1 704
Depreciation, amortisation and impairment of tangible and intangible assets ¹⁾	- 114	- 16	- 14	- 13	-5 753			-5 910
Total operating expenses	-2 556	-1 748	- 516	- 619	-5 890	- 36		-11 365
Profit before credit losses	1 981	1 811	304	669	-5 908			-1 143
Gains less losses from tangible and intangible assets			- 22					- 22
Net credit losses	- 122	- 119	- 49		- 1			- 291
Operating profit	1 859	1 692	233	669	-5 909			-1 456

1) The impairment of goodwill is presented within Other.

As communicated on 17 November 2015, the bank reorganised to be truly customer-centric, in line with its strategy, as of the beginning of the year 2016. The division Large Corporates & Financial Institutions covers the operations of the former Merchant Banking as well as institutional clients' business activities from the former Wealth Management division. The division Corporate & Private Customers serves small & medium-sized companies and private customers, including Private Banking, in Sweden. The division Life & Investment Management supports the customer-oriented divisions. It includes the Life division as well as the investment management operations which were part of the Wealth Management division. The Baltic division remains unchanged. In the context of defining the segments the Group's chief operation decision maker has changed from Group Executive Committee to the President and CEO.

Large Corporates & Financial Institutions

The division offers commercial and investment banking services to large corporate and institutional clients, mainly in the Nordic region and Germany. Customers are also served through its international network.

Income statement

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Net interest income	2 081	2 026	3	2 081	2 061	1	7 953
Net fee and commission income	1 384	1 643	-16	1 384	1 532	-10	6 789
Net financial income	897	1 119	-20	897	1 235	-27	3 987
Net other income	175	236	-26	175	66	165	528
Total operating income	4 537	5 024	-10	4 537	4 894	-7	19 257
Staff costs	-1 087	-961	13	-1 087	-968	12	-3 860
Other expenses	-1 355	-1 212	12	-1 355	-1 246	9	-5 008
Depreciation, amortisation and impairment of tangible and intangible assets	-114	-25		-114	-23		-109
Total operating expenses	-2 556	-2 198	16	-2 556	-2 237	14	-8 977
Profit before credit losses	1 981	2 826	-30	1 981	2 657	-25	10 280
Gains less losses from tangible and intangible assets							1
Net credit losses	-122	-90	36	-122	-93	31	-299
Operating profit	1 859	2 736	-32	1 859	2 564	-27	9 982
Cost/Income ratio	0.56	0.44		0.56	0.46		0.47
Business equity, SEK bn	61.6	64.2		61.6	67.1		66.4
Return on business equity, %	9.3	13.1		9.3	11.8		11.6
Number of full time equivalents ¹⁾	2 176	2 250		2 208	2 305		2 293

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

- Financial market turmoil subsided after a turbulent start of the quarter
- Few event-driven transactions and low credit demand
- Operating profit decreased by 19 per cent, excluding one-off items

Comments on the first quarter

In general, corporate and institutional activity was subdued in the uncertain market environment.

Financial Institutions' clients took a cautious investment approach at the beginning of the year due to initial market turbulence. Half-way through the quarter activity levels increased which, along with a stabilising market, contributed positively to the quarterly result. The asset management business experienced a high client activity. Assets under custody amounted to SEK 6,712bn (7,196), a decrease explained by falling equity prices.

For *Large Corporates* the macroeconomic uncertainty limited the demand for financing and growth in lending. At the same time the turbulent market at the beginning of the quarter impacted the Nordic IPO market which lost the momentum from last year. Nevertheless, SEB led two of the largest IPOs during the quarter. Without the presence of

significant event-driven transactions, performance was upheld through the advisory-driven approach.

Operating income decreased to SEK 4,537m compared to the seasonally strong fourth quarter (5,024). The effect from the negative interest rate environment stabilised despite continued central bank rate cuts and net interest income increased by 3 per cent. Fee and commission income was challenged by lower market values and fewer event-driven transactions. Excluding one-off effects – in the German operations and an IT write-down which in total amounted to SEK 354m – expenses were flat. Net credit losses amounted to SEK 122m, reflecting continued high asset quality equivalent to a credit loss level of 8 basis points. Operating profit decreased by 19 per cent excluding one-off items.

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
	2016	2015		2016	2015	%	2015
Net interest income	2 188	2 127	3	2 188	2 055	6	8 353
Net fee and commission income	1 275	1 394	-9	1 275	1 548	-18	5 800
Net financial income	90	117	-23	90	140	-36	522
Net other income	6	18	-67	6	9	-33	67
Total operating income	3 559	3 656	-3	3 559	3 752	-5	14 742
Staff costs	- 844	- 865	-2	- 844	- 867	-3	-3 418
Other expenses	- 888	- 932	-5	- 888	- 841	6	-3 463
Depreciation, amortisation and impairment of tangible and intangible assets	- 16	- 19	-16	- 16	- 21	-24	- 134
Total operating expenses	-1 748	-1 816	-4	-1 748	-1 729	1	-7 015
Profit before credit losses	1 811	1 840	-2	1 811	2 023	-10	7 727
Gains less losses from tangible and intangible assets							
Net credit losses	- 119	- 91	31	- 119	- 104	14	- 459
Operating profit	1 692	1 749	-3	1 692	1 919	-12	7 268
Cost/Income ratio	0.49	0.50		0.49	0.46		0.48
Business equity, SEK bn	36.1	37.8		36.1	38.1		38.1
Return on business equity, %	14.4	14.2		14.4	15.5		14.7
Number of full time equivalents ¹⁾	3 714	3 773		3 730	3 795		3 796

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

- In spite of lower interest rates, deposit volumes remained stable
- Private customers' mobile interactions averaged 14.1 million per month in the quarter, up 52 percent year-on-year
- Operating profit decreased due to lower market values and lower interchange fees on cards

Comments on the first quarter

The first quarter reflected the market environment and demand for low-risk savings products tended to increase while overall customer activity remained muted.

The number of full-service customers in the *corporate segment* increased and reached a total of 161,000 (158,800). The positive corporate sentiment trend seen during the second half of 2015 continued in the first quarter. Corporate lending increased to SEK 202bn (198). The payment service *Swish for corporates* was appreciated by the customers with users increasing to 3,600 by the end of the quarter (2,500).

In the *private segment*, household mortgages increased by SEK 1.5bn in the quarter and amounted to SEK 420bn. 90 per cent of all new loans with loan-to-value above 50 per cent amortise. The total number of full-service private customers remained stable at around 480,000. The market value of total assets under management declined offsetting the effect of net inflows, which amounted to SEK 7.4bn in the first quarter. The positive trend in mobile activity among private customers continued, with the average number of interactions in the SEB

mobile application at 14.1 million per month in the quarter, 3.5 times as high as in the internet bank.

Operating profit decreased to SEK 1,692m (1,749). The main driver was the reduction in net fee and commission income to SEK 1,275m (1,394), which was caused by lower market values on assets under management and lower interchange fees on cards. Net interest income, on the other hand, increased by 3 per cent to SEK 2,188m (2,127). Despite the low interest rates, deposits from corporate and private customers remained stable at SEK 348bn (346). Operating expenses decreased to SEK 1,748m (1,816). Credit losses increased marginally, although remaining at low levels, amounting to SEK 119m (91) corresponding to a credit loss level of 7 basis points.

Baltic

The division provides full banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania. The Baltic real estate holding companies (RHC) are part of the division.

Income statement (excl. RHC)

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Net interest income	509	475	7	509	519	-2	2 019
Net fee and commission income	264	292	-10	264	264	0	1 115
Net financial income	54	55	-2	54	86	-37	241
Net other income	1	6	-83	1			59
Total operating income	828	828	0	828	869	-5	3 434
Staff costs	-178	-183	-3	-178	-175	2	-713
Other expenses	-317	-233	36	-317	-241	32	-959
Depreciation, amortisation and impairment of tangible and intangible assets	-13	-14	-7	-13	-16	-19	-62
Total operating expenses	-508	-430	18	-508	-432	18	-1 734
Profit before credit losses	320	398	-20	320	437	-27	1 700
Gains less losses from tangible and intangible assets	2			2			1
Net credit losses	-49	-39	26	-49	9		-128
Operating profit	273	359	-24	273	446	-39	1 573
Cost/Income ratio	0.61	0.52		0.61	0.50		0.50
Business equity, SEK bn	7.6	7.2		7.6	8.1		7.5
Return on business equity, %	12.7	17.8		12.7	19.6		18.6
Number of full time equivalents ¹⁾	2 565	2 581		2 575	2 705		2 643

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

Baltic Division (incl. RHC)

Operating profit	233	263	-11	233	351	-34	1 281
Cost/Income ratio	0.63	0.54		0.63	0.51		0.52
Business equity, SEK bn	7.9	7.5		7.9	8.5		7.9
Return on business equity, %	10.4	12.4		10.4	14.6		14.4
Number of full time equivalents ¹⁾	2 597	2 612		2 607	2 741		2 678

- Baltic GDP growth continued, driven by private consumption
- SEB was named Best Bank in each of Estonia, Latvia and Lithuania by EMEA Finance Magazine
- Decreased operating profit partly due to one-off items

Comments on the first quarter

In general, GDP development in the Baltic countries was positive, especially in Lithuania and Latvia.

Baltic loan volumes increased from year-end to SEK 105bn (104). Mortgage loan volumes accounted for the majority of the growth, with increased mortgage demand in Estonia and Lithuania. Corporate customers in Lithuania were somewhat more active. Lending margins remained relatively stable across the portfolio with slightly higher margins on new loans. Baltic deposit volumes amounted to SEK 95bn (94). Despite the low deposit margins prevailing in the Baltic countries, net interest income increased by 7 per cent. In the fourth quarter 2015 net interest income included unusually high costs relating to the EU Single Resolution fund.

There were in total 964,000 Baltic full-service customers. Innovation Lab events were held in all Baltic countries for the

third year in a row where over 700 SME customers networked and worked with SEB's innovation team.

SEB continued to win awards for customer excellence and SEB was named the Best Bank in each of Estonia, Latvia and Lithuania by EMEA Finance magazine.

Operating profit decreased due to higher operating expenses. Operating expenses, excluding a one-off provision of SEK 68m made for unused space in Baltic offices and branches, increased slightly. The credit loss level was 18 basis points. The first quarter 2015 credit loss figure was impacted by a write-back in Estonia relating to collective provisions.

The real estate holding companies held assets at a total book value of SEK 1,481m (1,739).

Life & Investment Management

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

Income statement

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015 ¹⁾	%	2015 ¹⁾
Net interest income	- 14	- 12	17	- 14	- 11	27	- 43
Net fee and commission income	917	1 058	- 13	917	1 329	- 31	4 600
Net financial income	367	449	- 18	367	445	- 18	1 339
Net other income	18	23	- 22	18	14	29	85
Total operating income	1 288	1 518	- 15	1 288	1 777	- 28	5 981
Staff costs	- 374	- 372	1	- 374	- 461	- 19	- 1 669
Other expenses	- 232	- 318	- 27	- 232	- 278	- 17	- 1 144
Depreciation, amortisation and impairment of tangible and intangible assets	- 13	- 13	0	- 13	- 16	- 19	- 58
Total operating expenses	- 619	- 703	- 12	- 619	- 755	- 18	- 2 871
Profit before credit losses	669	815	- 18	669	1 022	- 35	3 110
Gains less losses from tangible and intangible assets							
Net credit losses							
Operating profit	669	815	- 18	669	1 022	- 35	3 110
Cost/Income ratio	0,48	0,46		0,48	0,42		0,48
Business equity, SEK bn	11,5	8,7		11,5	8,7		8,7
Return on business equity, %	20,1	31,7		20,1	39,7		30,3
Number of full time equivalents ²⁾	1 472	1 445		1 464	1 622		1 554

¹⁾ Comparative numbers include SEB Asset Management AG which was divested in August 2015. No business equity allocated to Investment Management in 2015.

²⁾ Quarterly numbers are end of quarter. Accumulated numbers are average for the period.

- Launched traditional life for occupational pension area
- Leading position in Morningstar's mutual fund rating
- Lower result due to challenging financial markets and lower performance fees

Comments on the first quarter

The overall pressure on the welfare systems continued to increase the demand for active advisory services for private and corporate customers for both life insurance and investment management.

The Swedish *Life* business continued to develop new product offerings and a traditional life insurance product was launched for the occupational pension area. The number of digital customer meetings grew during the first quarter by around 50 per cent, with continuously high customer satisfaction. Despite the challenging macro-economic environment, Baltic pension markets still grew rapidly. The focus is on mandatory pension funds, leveraging on SEB's bancassurance model. The Baltic business is in the forefront when it comes to offering pension and welfare products using digital channels.

In *Investment Management* SEB took a leading position in Morningstar's long-term performance valuation of the largest fund providers in Sweden. Several funds won prizes in a range of European countries underlining SEB's offer in an international perspective. The intensified effort to integrate sustainability factors into the investment processes is materialising. SEB's Global Sustainability Fund combines a sustainability focus with the use of modern quantitative investment techniques.

Operating profit decreased in the first quarter compared to the fourth quarter last year, primarily due to lower asset values, which reduced base fees and performance fee income. Total premium income from both new and existing life insurance policies increased with 4 per cent compared to the fourth quarter 2015. Weighted sales increased by 8 percent in the first quarter to SEK 13bn.

The SEB Group

Net interest income – SEB Group

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2014
Interest income	8 889	9 042	- 2	8 889	10 203	- 13	37 726
Interest expense	-4 253	-4 365	- 3	-4 253	-5 257	- 19	-18 788
Net interest income	4 636	4 677	- 1	4 636	4 946	- 6	18 938

Net fee and commission income – SEB Group

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Issue of securities and advisory	150	258	- 42	150	118	27	834
Secondary market and derivatives	449	450	0	449	676	- 34	3 350
Custody and mutual funds	1 744	2 030	- 14	1 744	2 317	- 25	8 507
Payments, cards, lending, deposits, guarantees and other	2 557	2 598	- 2	2 557	2 478	3	9 963
Whereof payments and card fees	1 247	1 386	- 10	1 247	1 352	- 8	5 521
Whereof lending	575	648	- 11	575	648	- 11	2 445
Life insurance commissions	402	438	- 8	402	421	- 5	1 686
Fee and commission income	5 302	5 774	- 8	5 302	6 010	- 12	24 340
Fee and commission expense	-1 405	-1 379	2	-1 405	-1 340	5	-5 995
Net fee and commission income	3 897	4 395	- 11	3 897	4 670	- 17	18 345
Whereof Net securities commissions	1 684	2 077	- 19	1 684	2 429	- 31	9 459
Whereof Net payments and card fees	756	850	- 11	756	845	- 11	3 435
Whereof Net life insurance commissions	245	281	- 13	245	314	- 22	1 154

Net financial income – SEB Group

SEK m	Q1	Q4		Jan - Mar			Full year
	2016	2015		2016	2015	%	2015
Equity instruments and related derivatives	- 228	677	-134	- 228	1 551	-115	- 141
Debt securities and related derivatives	360	- 678	-153	360	-1 290	-128	266
Currency and related derivatives	797	1 114	-28	797	962	-17	3 831
Other life insurance income, net	369	454	-19	369	454	-19	1 360
Other	87	56	55	87	32	172	162
Net financial income	1 385	1 623	-15	1 385	1 709	-19	5 478
Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.	-153	121		- 153	134		603

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

For first quarter the effect from structured products offered to the public was approximately SEK -565m (Q4 2015: 445) in Equity related derivatives and a corresponding effect in Debt securities and related derivatives SEK 490m (Q4 2015: -755) and Credit related derivatives SEK 85m (Q4 2015: 295).

Net credit losses – SEB Group

	Q1	Q4		Jan - Mar		Full year	
SEK m	2016	2015	%	2016	2015	%	2015
Provisions:							
Net collective provisions for individually assessed loans	113	58	95	113	92	23	74
Net collective provisions for portfolio assessed loans	31	163	-81	31	82	-62	362
Specific provisions	- 443	- 222	100	- 443	- 384	15	-1 058
Reversal of specific provisions no longer required	125	58	116	125	148	-16	507
Net provisions for contingent liabilities	- 18	- 24		- 18			3
Net provisions	- 192	33		- 192	- 62		- 112
Write-offs:							
Total write-offs	- 246	- 563	-56	- 246	- 379	-35	-2 256
Reversal of specific provisions utilized for write-offs	100	247	-60	100	214	-53	1 301
Write-offs not previously provided for	- 146	- 316	-54	- 146	- 165	-12	- 955
Recovered from previous write-offs	47	64	-27	47	39	21	184
Net write-offs	- 99	- 252	-61	- 99	- 126	-21	- 771
Net credit losses	- 291	- 219	33	- 291	- 188	55	- 883

Statement of changes in equity – SEB Group

			Other reserves ¹⁾				Total Share- holders' equity	Minority interests	Total Equity
			Share capital	Retained earnings	Available- for-sale financial assets	Cash flow hedges			
SEK m									
Jan-Mar 2016									
Opening balance	21 942	114 471	648	3 210	-1 943	4 470	142 798		142 798
Change in valuation of insurance contracts ²⁾		-440					-440		-440
Adjusted opening balance	21 942	114 031	648	3 210	-1 943	4 470	142 358		142 358
Net profit		-2 294					-2 294		-2 294
Other comprehensive income (net of tax)			498	190	74	-3 105	-2 343		-2 343
Total comprehensive income		-2 294	498	190	74	-3 105	-4 637		-4 637
Dividend to shareholders		-11 504					-11 504		-11 504
Equity-based programmes ³⁾		-133					-133		-133
Change in holdings of own shares		153					153		153
Closing balance	21 942	100 253	1 146	3 400	-1 869	1 365	126 237		126 237

Jan-Dec 2015									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	134 543	33	134 576
Net profit		16 581					16 581		16 581
Other comprehensive income (net of tax)			-719	-667	-573	4 178	2 219		2 219
Total comprehensive income		16 581	-719	-667	-573	4 178	18 800		18 800
Dissolvement of minority interest								-33	-33
Dividend to shareholders		-10 400					-10 400		-10 400
Equity-based programmes ³⁾		-164					-164		-164
Change in holdings of own shares		19					19		19
Closing balance	21 942	114 471	648	3 210	-1 943	4 470	142 798		142 798

Jan-Mar 2015									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	134 543	33	134 576
Net profit		4 651					4 651		4 651
Other comprehensive income (net of tax)			95	498	-227	-767	-401		-401
Total comprehensive income		4 651	95	498	-227	-767	4 250		4 250
Dividend to shareholders		-10 400					-10 400		-10 400
Equity-based programmes ³⁾		170					170		170
Change in holdings of own shares		88					88		88
Closing balance	21 942	102 944	1 462	4 375	-1 597	-475	128 651	33	128 684

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

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

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

	Jan-Mar 2016	Jan-Dec 2015	Jan-Mar 2015
Number of shares owned by SEB, million			
Opening balance	0.9	5.5	5.5
Repurchased shares	2.9	3.4	
Sold/distributed shares	-0.8	-8.0	-0.8
Closing balance	3.0	0.9	4.7

Market value of shares owned by SEB, SEK m	233	76	470
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In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year.

Cash flow statement – SEB Group

SEK m	Jan - Mar			Full year
	2016	2015	%	2015
Cash flow from operating activities	65 982	107 124	- 38	21 002
Cash flow from investment activities	297	495	- 40	903
Cash flow from financing activities	- 11 491	- 7 323	57	- 19 102
Net increase in cash and cash equivalents	54 788	100 296	- 45	2 803
Cash and cash equivalents at the beginning of year	110 770	105 848	5	105 848
Exchange rate differences on cash and cash equivalents	- 1 453	5 379		2 119
Net increase in cash and cash equivalents	54 788	100 296	- 45	2 803
Cash and cash equivalents at the end of period¹⁾	164 105	211 523	- 22	110 770

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 2016		31 Dec 2015		31 Mar 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 620 404	1 617 210	1 522 503	1 529 152	1 707 447	1 727 019
Equity instruments	94 041	94 041	98 207	98 207	150 954	150 954
Debt instruments	377 450	377 613	299 943	300 106	411 795	411 994
Derivative instruments	247 896	247 896	215 551	215 551	334 931	334 931
Financial assets - policyholders bearing the risk	267 333	267 333	271 613	271 613	280 940	280 940
Other	49 036	49 036	37 666	37 666	45 391	45 391
Financial assets	2 656 160	2 653 129	2 445 483	2 452 295	2 931 458	2 951 229
Deposits	1 095 447	1 087 013	957 599	957 895	1 182 966	1 185 876
Equity instruments	14 663	14 663	12 927	12 927	12 867	12 867
Debt instruments	767 492	779 537	725 950	745 370	847 934	878 301
Derivative instruments	217 855	217 855	190 039	190 039	295 421	295 421
Liabilities to policyholders - investment contracts	268 621	268 621	271 995	271 995	281 791	281 791
Other	75 417	75 418	59 619	59 619	72 601	72 601
Financial liabilities	2 439 495	2 443 107	2 218 129	2 237 845	2 693 580	2 726 857

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 2015.

Assets and liabilities measured at fair value – SEB Group

SEK m	31 Mar 2016				31 Dec 2015			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Financial assets - policyholders bearing the risk	247,169	15,123	5,040	267,332	255,175	13,831	2,607	271,613
Equity instruments at fair value	72,094	10,802	11,559	94,455	75,565	11,473	11,677	98,715
Debt instruments at fair value	185,537	171,002	1,193	357,732	132,789	144,948	1,204	278,941
Derivative instruments at fair value	4,354	229,394	14,149	247,897	2,061	202,261	11,229	215,551
Investment properties			7,192	7,192			7,169	7,169
Assets held for sale		618		618		801		801
Total	509,154	426,939	39,133	975,226	465,590	373,314	33,886	872,790
Liabilities								
Liabilities to policyholders - investment contracts	248,335	15,196	5,090	268,621	255,581	13,812	2,602	271,995
Equity instruments at fair value	14,277	2	384	14,663	12,445	37	445	12,927
Debt instruments at fair value	6,626	45,683		52,309	7,025	38,191		45,216
Derivative instruments at fair value	5,360	197,911	14,584	217,855	2,534	176,103	11,401	190,038
Other financial liabilities		16,441		16,441		17,377		17,377
Total	274,598	275,233	20,058	569,889	277,585	245,520	14,448	537,553

Fair value measurement

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

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

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

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

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

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2015. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Level 1: Quoted market prices

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

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

Level 2: Valuation techniques with observable inputs

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

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

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

Level 3: Valuation techniques with significant unobservable inputs

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

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

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

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels.

Changes in level 3	Closing balance 31 Dec 2015	Gain/loss in Income statement	Gain/loss in Other comprehensiv e income	Purchases	Sales	Issues	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance 31 Mar 2016
Assets											
Financial assets - policyholders bearing the risk	2 607	13		4 520	-2 091					-9	5 040
Equity instruments at fair value	11 677	-540	467	486	-572					41	11 559
Debt instruments at fair value	1 204	-11		21	-26					5	1 193
Derivative instruments at fair value	11 229	2 890		30			47		-74	27	14 149
Investment properties	7 169	-9		2	-7					37	7 192
Total	33 886	2 343	467	5 059	-2 696	0	47	0	-74	101	39 133
Liabilities											
Liabilities to policyholders - investment contracts	2 602	13		4 572	-2 087					-10	5 090
Equity instruments at fair value	445	63		-124							384
Debt instruments at fair value	0										0
Derivative instruments at fair value	11 401	3 014		92			80		-34	31	14 584
Total	14 448	3 090	0	4 540	-2 087	0	80	0	-34	21	20 058

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. At the end of Q1 2016, basis for calculating sensitivities for Interest Rate Swaptions, within Insurance Holdings - Financial instruments, have changed from stressing the market value to stressing the implied volatility.

SEK m	31 Mar 2016				31 Dec 2015			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ^{1) 2) 4)}	959	-1 035	-76	96	919	-813	106	97
Equity instruments ^{3) 6)}	1 503	-384	1 119	227	1 517	-445	1 072	233
Insurance holdings - Financial instruments ^{4) 5) 7)}	23 693	-13 549	10 144	1 448	21 415	-10 595	10 820	1 539
Insurance holdings - Investment properties ^{6) 7)}	7 192		7 192	719	7 169		7 169	717

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

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

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

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

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

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

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

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
31 Mar 2016								
Derivatives	251 289	-4 511	246 778	-178 289	-43 283	25 206	1 118	247 896
Reversed repo receivables	136 226	-18 768	117 458	-26 651	-90 604	203	2	117 460
Securities borrowing	26 167		26 167	-5 824	-20 343		7 382	33 549
Client receivables	2 607	-2 607					24 671	24 671
Assets	416 289	-25 886	390 403	-210 764	-154 230	25 409	33 173	423 576
Derivatives	220 035	-4 511	215 524	-178 289	-31 731	5 504	2 331	217 855
Repo payables	52 386	-18 754	33 632	-26 651	-6 798	183		33 632
Securities lending	28 435	-14	28 421	-5 824	-16 242	6 355	8	28 429
Client payables	2 607	-2 607					27 150	27 150
Liabilities	303 463	-25 886	277 577	-210 764	-54 771	12 042	29 489	307 066
31 Dec 2015								
Derivatives	219 186	-4 514	214 672	-133 854	-33 135	47 683	879	215 551
Reversed repo receivables	71 161	-10 850	60 311	-4 604	-55 468	239	5	60 316
Securities borrowing	22 582	-75	22 507	-5 976	-16 531		5 984	28 491
Client receivables	335	-333	2			2	11 752	11 754
Assets	313 264	-15 772	297 492	-144 434	-105 134	47 924	18 620	316 112
Derivatives	192 675	-4 514	188 161	-133 854	-49 311	4 996	1 878	190 039
Repo payables	20 459	-10 850	9 609	-4 604	-4 128	877		9 609
Securities lending	17 538	-75	17 463	-5 976	-11 260	227	6	17 469
Client payables	333	-333					9 812	9 812
Liabilities	231 005	-15 772	215 233	-144 434	-64 699	6 100	11 696	226 929
31 Mar 2015								
Derivatives	330 141	-4 570	325 571	-214 884	-51 194	59 493	9 360	334 931
Reversed repo receivables	129 168	-9 907	119 261	-17 901	-11 862	89 498	7 206	126 467
Securities borrowing	53 905		53 905	-8 644	-45 261		12 854	66 759
Client receivables	48 836	-48 834	2			2	8 287	8 289
Assets	562 050	-63 311	498 739	-241 429	-108 317	148 993	37 707	536 446
Derivatives	298 029	-4 570	293 459	-214 884	-62 609	15 966	1 961	295 420
Repo payables	28 405	-9 907	18 498	-17 901	-67	530	1 391	19 889
Securities lending	41 475		41 475	-8 644	-30 326	2 505	11 235	52 710
Client payables	48 834	-48 834					21 135	21 135
Liabilities	416 743	-63 311	353 432	-241 429	-93 002	19 001	35 722	389 154

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

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

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

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

Non-performing loans – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2016	2015	2015
Individually assessed loans			
Impaired loans	5 099	4 900	7 264
Specific reserves	- 2 253	- 2 044	- 2 865
Collective reserves	- 1 189	- 1 304	- 1 290
Impaired loans net	1 657	1 552	3 109
Specific reserve ratio for individually assessed impaired loans	44.2%	41.7%	39.4%
Total reserve ratio for individually assessed impaired loans	67.5%	68.3%	57.2%
Net level of impaired loans	0.19%	0.20%	0.29%
Gross level of impaired loans	0.34%	0.35%	0.47%
Portfolio assessed loans			
Loans past due > 60 days	2 867	2 922	3 523
Restructured loans	198	205	217
Collective reserves for portfolio assessed loans	- 1 504	- 1 530	- 1 828
Reserve ratio for portfolio assessed loans	49.1%	48.9%	48.9%
Non-performing loans¹⁾			
Non-performing loans	8 164	8 027	11 004
NPL coverage ratio	61.9%	61.8%	55.2%
NPL per cent of lending	0.55%	0.57%	0.72%

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

Reserves

Specific reserves	- 2 253	- 2 044	- 2 865
Collective reserves	- 2 693	- 2 834	- 3 118
Reserves for off-balance sheet items	- 103	- 81	- 88
Total reserves	- 5 049	- 4 959	- 6 071

Seized assets – SEB Group

	31 Mar	31 Dec	31 Mar
SEK m	2016	2015	2015
Properties, vehicles and equipment	1 033	1 116	1 459
Shares	40	39	46
Total seized assets	1 073	1 155	1 505

Intangible assets, specification of goodwill impairment – SEB Group

Jan-Mar 2016	Group	Parent
Opening balance	10 003	1 444
Retirements and disposals/impairments	-5 334	-1 444
Exchange rate differences	22	
Acquisition value	4 691	0
Opening balance		-1 201
Retirements and disposals		1 201
Accumulated depreciations	0	0
Total	4 691	0

Event triggering reallocation of goodwill

In conjunction with SEB's reorganisation goodwill has been reallocated to appropriate Cash Generating Units (CGUs). The CGU structure for impairment testing purposes before the reorganisation was to a large extent aligned with operating segments, except for Card and Life. The new customer centric organisation will be fundamental for management in steering and measuring the business going forward. Management's focus on different customer segments will increase and therefore the change of CGU to be aligned with the business unit (BU) combined with geography to reflect the importance of steering and measuring the new customer centric organisation.

Principle for allocation of goodwill

The new and more customer centric organisation leads to that the former Wealth division is integrated into the current customer-oriented divisions and the supporting division Life & Investment Management. The reorganization triggers the reallocation. The guiding principle for the allocation of goodwill have been to identify the original acquisition from where the goodwill derives and match that with the new CGU (BU and geography). The appropriate CGUs have been deemed to be the CGUs at the time of the acquisitions made between 1996 and 2008. In total 104 CGUs have been identified and goodwill has been allocated to 14 as presented in the table below. Until year-end 2015 there were six CGUs presented in the table below. The CGUs equalled the operating segments with the exception of Card and Life.

CGUs	Old allocation 2015
Merchant Banking	1 020
Retail Sweden	929
Card	826
Wealth Management	4 595
Life Sweden	2 334
Life Denmark	299
Total	10 003

CGUs	Acquisition New allocation Exchange rate				Balance	Remaining
	year	2016	differences	Impairment	31 Mar 2016	book value ²⁾
Equities & Corp, Sweden & Norway ¹⁾	2000	879		-879	0	645
Transaction Services Poland	2008	141		-141	0	373
Internet/Telephone Sweden	1997	929		-929	0	0
Retail Norway	2005	406		-406	0	0
Card, Norway & Denmark ¹⁾	2002/2004	826	18		844	
Life Sweden	1996/1997	2 334	9		2 343	
Life Denmark	2004	299	-5	-294	0	3 056
Investment Management Sweden	1997/1998	3 117		-1 613	1 504	1 919
Investment Management, Finland & Denmark ¹⁾	1997/2002	340		-340	0	9
Investment Management, UK & BVI ¹⁾	2008	732		-732	0	0
Total		10 003	22	-5 334	4 691	

1) In the table some of the 14 CGUs are presented together due to that the acquisitions are related. The Equities and Corporate business in Sweden and Norway were acquired in a linked transaction and the Investment Management activities in UK and BVI as well. Card in Norway and Sweden is related to the Eurocard business and Investment Management in Finland and Denmark represents the same type of business and the amounts are minor.

2) Internally assessed.

CGUs with no future cash flow

For four of the new CGUs that had an original goodwill allocated there is no future cash flow due to changes in strategy for Internet/Telephone bank in Sweden, Retail Norway and Investment Management based in UK and British Virgin Islands and therefore the goodwill is impaired.

Result of impairment test

Impairment test results in six units where the goodwill is fully impaired and one unit where it is partially impaired. Three units have goodwill with no need of impairment. The impairment is reported as Depreciation, amortisation and impairment of tangible and intangible assets in within Other in the income statement.

Estimates and assumptions used - future cash flows

Future cash flows

The impairment test on goodwill is based on value in use and builds on the business plans for year 1-3 and projected cash flows for year 4-5. The long term growth in all geographies is based on expectations on inflation 1.5 per cent. The allocated capital is derived from the Group's internal capital allocation model that has been aligned with the regulatory capital requirements including the management buffer. The cash flows in the business plans starts with the assumptions from the most recent Nordic outlook published. The main assumptions are; GDP growth in Sweden from 3.6 per cent to 2.5 per cent over three years and other Nordic countries excluding Sweden from 1.5 per cent to 2.0 per cent; inflation in Sweden from 1.0 per cent to 2.3 per cent and in Other Nordic countries from 1.5 per cent to 2.0 per cent. The repo rate in Sweden is assumed to increase to 0.75 per cent end of 2017. In addition to the assumptions financial effects from specific actions according to SEB's long term strategy are added. Year 4-5 projections includes regulatory uncertainties like Basel III proposals that increase capital needs.

Cost of capital (CoE) - discount rate

The associated risk in each specific business unit and geography has been reflected in the respective CoE for each CGU. Investment Management's discount rate is higher, 11.5 per cent than the SEB Group's average due to regulatory uncertainty related to limitations to retrocessions, possible further margin squeeze and the current negative interest environment that can create squeezed asset prices and volatility. For Life Denmark discount rate is higher, 11.5 per cent, than the SEB Group's average due to the distribution model might be more dependent on own channels and uncertainty related to limitations in retrocessions. The base discount rate used in the impairment test at the end of 2015 is unchanged at 9.5 per cent post-tax for SEB Group and is determined based on information from external sources.

Sensitivities

The sensitivity analysis carried out did not result in calculated recoverable amounts below the carrying amounts for Card Norway, Card Denmark and Life Sweden. However, calculated recoverable amounts for Investment Management Sweden is sensitive to changes in the main assumptions. An increase of one percentage of the discount rate (CoE), a decrease of the growth rates by one percentage point for earnings before amortisations during the projection period and a decrease of one percentage point of the long term growth would lead to a recoverable amount of SEK 307m lower than the carrying amount. The increase in the discount rate implies lower value of the cashflows due to time value of money, the decrease of the growth rate of earnings before amortisations year 1-5 leads to lower result and thereby lower cashflows. The lowering of the long term growth has the same effect on earnings before amortization and the decrease of the long term growth rate on allocated internal capital leads to lower capital needs and thereby releases of cashflows.

Assets and liabilities held for sale – SEB Group

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Other assets	618	801	1 400
Total assets held for sale	618	801	1 400
Other liabilities			240
Total liabilities held for sale	0	0	240

The Baltic division has a divestment plan for investment properties. During the first quarter no properties were reclassified as assets held for sale. Assets were derecognised at concluded sales agreements. The assets are measured at fair value. The net amount of the changes during first quarter was SEK -183m.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Own funds			
Common Equity Tier 1 capital	107 306	107 535	103 300
Tier 1 capital	120 824	121 391	117 452
Total own funds	134 711	135 782	131 840
Own funds requirement			
Risk exposure amount	562 754	570 840	623 454
Expressed as own funds requirement	45 020	45 667	49 874
Common Equity Tier 1 capital ratio	19.1%	18.8%	16.6%
Tier 1 capital ratio	21.5%	21.3%	18.8%
Total capital ratio	23.9%	23.8%	21.1%
Own funds in relation to own funds requirement	2.99	2.97	2.64
Regulatory Common Equity Tier 1 capital requirement including buffer	10.4%	10.5%	10.0%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	3.0%	3.0%
of which countercyclical capital buffer requirement	0.4%	0.5%	
Common Equity Tier 1 capital available to meet buffer ¹⁾	14.6%	14.3%	12.1%
Transitional floor 80% of capital requirement according to Basel I			
Minimum floor own funds requirement according to Basel I	80 161	79 123	81 615
Own funds according to Basel I	134 765	135 478	131 975
Own funds in relation to own funds requirement Basel I	1.68	1.71	1.62
Leverage ratio			
Exposure measure for leverage ratio calculation	2 655 228	2 463 479	2 866 392
of which on balance sheet items	2 251 036	2 094 445	2 463 488
of which off balance sheet items	404 192	369 034	402 904
Leverage ratio	4.6%	4.9%	4.1%

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

Internally assessed capital requirement

As per 31 March 2016, the internally assessed capital requirement including insurance risk amounted to SEK 60bn (59). 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 2016	31 Dec 2015	31 Mar 2015
Shareholders equity	21 942	21 942	21 942
Retained earnings	57 052	53 458	53 370
Accumulated other comprehensive income and other reserves	49 537	50 817	48 688
Independently reviewed result	-2 294	16 581	4 651
Minority interests			33
Total equity according to balance sheet	126 237	142 798	128 684
Deductions related to the consolidated situation and other foreseeable charges	-5 543 ²⁾	-14 808	-5 209
Common Equity Tier 1 capital before regulatory adjustments ¹⁾	120 694	127 990	123 475
Additional value adjustments	-1 268	-937	-1 199
Intangible assets	-6 560	-11 942	-12 170
Deferred tax assets that rely on future profitability	-493	-501	-558
Fair value reserves related to gains or losses on cash flow hedges	-3 401	-3 210	-4 375
Negative amounts resulting from the calculation of expected loss amounts	-368	-571	-134
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-206	-145	263
Defined-benefit pension fund assets	-895	-2 927	
Direct and indirect holdings of own CET1 instruments	-155	-179	-1 341
Securitisation positions with 1,250% risk weight	-42	-43	-661
Total regulatory adjustments to Common Equity Tier 1	-13 388	-20 455	-20 175
Common Equity Tier 1 capital	107 306	107 535	103 300
Additional Tier 1 instruments	8 905	9 258	9 511
Grandfathered additional Tier 1 instruments	4 613	4 598	4 641
Tier 1 capital	120 824	121 391	117 452
Tier 2 instruments	16 148	16 091	16 243
Grandfathered Tier 2 instruments			720
Net provisioning amount for IRB-reported exposures	314	875	
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
Tier 2 capital	13 887	14 391	14 388
Total own funds	134 711	135 782	131 840

¹⁾ 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).

²⁾ The deduction for dividend is calculated on profit before impairment of goodwill.

Risk exposure amount for SEB consolidated situation

SEK m	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to institutions	23 349	1 868	22 701	1 816	36 741	2 939
Exposures to corporates	307 027	24 562	307 618	24 609	340 119	27 210
Retail exposures	53 204	4 256	53 163	4 253	53 266	4 261
of which secured by immovable property	32 836	2 627	32 784	2 623	30 608	2 449
of which qualifying revolving retail exposures ²⁾			248	20	326	26
of which retail SME	3 628	290	3 255	260	3 944	316
of which other retail exposures	16 740	1 339	16 876	1 350	18 388	1 471
Securitisation positions	3 561	285	4 114	329	3 490	279
Total IRB approach	387 141	30 971	387 596	31 007	433 616	34 689
Credit risk standardised approach						
Exposures to central governments or central banks	1 258	101	1 425	114	577	46
Exposures to regional governments or local authorities	53	4	51	4	38	3
Exposures to public sector entities	7	1	5	0	6	0
Exposures to institutions	937	75	1 062	85	2 309	185
Exposures to corporates	15 545	1 244	15 568	1 245	14 605	1 168
Retail exposures	15 084	1 207	14 821	1 186	17 021	1 362
Exposures secured by mortgages on immovable property	4 199	336	4 159	333	4 186	335
Exposures in default	383	31	520	42	616	49
Exposures associated with particularly high risk	1 623	130	1 823	146	1 892	151
Securitisation positions			208	17		
Exposures in the form of collective investment undertakings (CIU)	56	4	56	4	50	4
Equity exposures	2 719	218	2 182	175	2 339	187
Other items	7 328	585	6 364	509	9 321	746
Total standardised approach	49 192	3 936	48 244	3 860	52 960	4 236
Market risk						
Trading book exposures where internal models are applied	27 430	2 194	34 233	2 739	34 114	2 729
Trading book exposures applying standardised approaches	12 067	965	11 608	929	21 055	1 684
Foreign exchange rate risk	2 902	232	4 778	382	4 155	332
Total market risk	42 399	3 391	50 619	4 050	59 324	4 745
Other own funds requirements						
Operational risk advanced measurement approach	47 195	3 776	47 804	3 824	48 394	3 872
Settlement risk	0	0	1	0		
Credit value adjustment	6 476	518	6 910	553	9 605	768
Investment in insurance business	16 633	1 331	15 525	1 242	15 525	1 242
Other exposures	4 364	349	5 243	419	4 030	322
Additional risk exposure amount ³⁾	9 354	748	8 898	712		
Total other own funds requirements	84 022	6 722	84 381	6 750	77 554	6 204
Total	562 754	45 020	570 840	45 667	623 454	49 874

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

²⁾ Reported as other retail exposures from 1 January 2016.

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

Change in risk exposure amount

The risk exposure amount (REA) decreased by SEK 8bn in the first quarter 2016. The decrease was mostly driven by a

change in underlying market risk as well as certain process improvements. Credit risk REA was largely unchanged.

Risk exposure amount	SEK bn
Balance 31 December 2015	571
Volume and mix changes	4
Currency effect	-2
Process and regulatory changes	-2
Risk class migration	-1
Underlying market and operational risk changes	-7
Balance 31 March 2016	563

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	31 Dec	31 Mar
Average risk-weight	2016	2015	2015
Exposures to institutions	25.2%	24.4%	22.1%
Exposures to corporates	32.2%	32.3%	34.9%
Retail exposures	9.8%	9.8%	9.9%
of which secured by immovable property	6.8%	6.9%	6.5%
of which qualifying revolving retail exposures		42.4%	42.0%
of which retail SME	70.5%	62.9%	69.3%
of which other retail exposures	28.3%	28.4%	29.2%
Securitisation positions	42.8%	46.5%	30.0%

Skandinaviska Enskilda Banken AB (publ.)

Income statement – Skandinaviska Enskilda Banken AB (publ.)

In accordance with FSA regulations	Q1			Q4			Jan - Mar			Full year
SEK m	2016	2015	%	2016	2015	%	2016	2015	%	2015
Interest income	7 246	7 258	0	7 246	8 118	-11	7 246	8 118	-11	30 092
Leasing income	1 351	1 372	-2	1 351	1 335	1	1 351	1 335	1	5 439
Interest expense	-3 757	-3 722	1	-3 757	-4 458	-16	-3 757	-4 458	-16	-16 043
Dividends	1 542	1 462	5	1 542	1 345	15	1 542	1 345	15	8 028
Fee and commission income	2 905	3 065	-5	2 905	2 945	-1	2 905	2 945	-1	12 258
Fee and commission expense	- 831	- 732	14	- 831	- 636	31	- 831	- 636	31	-3 058
Net financial income	825	1 153	-28	825	1 031	-20	825	1 031	-20	3 428
Other income	236	486	-51	236	257	-8	236	257	-8	1 137
Total operating income	9 517	10 342	-8	9 517	9 937	-4	9 517	9 937	-4	41 281
Administrative expenses	-3 526	-3 361	5	-3 526	-3 343	5	-3 526	-3 343	5	-13 458
Depreciation, amortisation and impairment of tangible and intangible assets	-1 512	-1 346	12	-1 512	-1 361	11	-1 512	-1 361	11	-5 447
Total operating expenses	-5 038	-4 707	7	-5 038	-4 704	7	-5 038	-4 704	7	-18 905
Profit before credit losses	4 479	5 635	-21	4 479	5 233	-14	4 479	5 233	-14	22 376
Net credit losses	- 121	- 64	89	- 121	- 139	-13	- 121	- 139	-13	- 520
Impairment of financial assets ¹⁾	-2 687	- 113		-2 687			-2 687			- 775
Operating profit	1 671	5 458	-69	1 671	5 094	-67	1 671	5 094	-67	21 081
Appropriations	- 4	262		- 4	514		- 4	514		781
Income tax expense	- 638	-1 159	-45	- 638	-1 101	-42	- 638	-1 101	-42	-3 679
Other taxes	- 18	- 148	-88	- 18	12		- 18	12		- 138
Net profit	1 011	4 413	-77	1 011	4 519	-78	1 011	4 519	-78	18 045

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

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

	Q1			Q4			Jan - Mar			Full year
SEK m	2016	2015	%	2016	2015	%	2016	2015	%	2015
Net profit	1 011	4 413	-77	1 011	4 519	-78	1 011	4 519	-78	18 045
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	55	- 362		55	84	-35	55	84	-35	- 423
Cash flow hedges	190	- 561		190	499	-62	190	499	-62	- 665
Translation of foreign operations	13	- 34		13	34	-62	13	34	-62	- 41
Other comprehensive income (net of tax)	258	- 957	-127	258	617	-58	258	617	-58	-1 129
Total comprehensive income	1 269	3 456	-63	1 269	5 136	-75	1 269	5 136	-75	16 916

Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

Condensed SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash and cash balances with central banks	127 026	55 712	166 113
Loans to credit institutions	186 293	166 267	218 326
Loans to the public	1 129 391	1 080 438	1 116 365
Financial assets at fair value	513 888	415 321	642 633
Available-for-sale financial assets	13 339	12 985	15 270
Held-to-maturity investments			90
Investments in associates	905	1 001	987
Shares in subsidiaries	49 821	52 398	53 467
Tangible and intangible assets	39 704	40 577	42 107
Other assets	55 438	41 906	53 996
Total assets	2 115 805	1 866 605	2 309 354
Deposits from credit institutions	219 507	134 816	268 290
Deposits and borrowing from the public ¹⁾	783 831	690 301	779 156
Debt securities	668 026	632 403	730 361
Financial liabilities at fair value	231 097	202 791	312 642
Other liabilities	70 459	53 532	76 087
Provisions	151	144	163
Subordinated liabilities	31 719	31 372	33 113
Untaxed reserves	23 465	23 466	23 103
Total equity	87 550	97 780	86 439
Total liabilities, untaxed reserves and shareholders' equity	2 115 805	1 866 605	2 309 354
1) Private and SME deposits covered by deposit guarantee	111 977	111 990	107 555
Private and SME deposits not covered by deposit guarantee	135 379	124 753	109 400
All other deposits	536 475	453 558	562 201
Total deposits from the public	783 831	690 301	779 156

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

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Pledged assets for own liabilities	434 768	399 047	438 567
Other pledged assets	128 319	135 864	161 400
Pledged assets	563 087	534 911	599 967
Contingent liabilities	83 336	87 798	115 705
Commitments	458 762	434 656	472 038
Contingent liabilities and commitments	542 098	522 454	587 743

Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	31 Mar 2016	31 Dec 2015	31 Mar 2015
Own funds			
Common Equity Tier 1 capital	93 159	91 951	86 517
Tier 1 capital	106 677	105 806	100 669
Total own funds	120 611	119 472	115 057
Own funds requirement			
Risk exposure amount	480 263	478 376	534 485
Expressed as own funds requirement	38 421	38 270	42 759
Common Equity Tier 1 capital ratio	19.4%	19.2%	16.2%
Tier 1 capital ratio	22.2%	22.1%	18.8%
Total capital ratio	25.1%	25.0%	21.5%
Own funds in relation to capital requirement	3.14	3.12	2.69
Regulatory Common Equity Tier 1 capital requirement including buffers	7.6%	7.6%	7.0%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	0.6%	0.6%	
Common Equity Tier 1 capital available to meet buffers ¹⁾	14.8%	14.7%	11.7%

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

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

Definitions

Return on equity

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

Return on business equity

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

Return on total assets

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

Return on risk exposure amount

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

Cost/income ratio

Total operating expenses in relation to total operating income.

Basic earnings per share

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

Diluted earnings per share

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

Net worth per share

Shareholders' equity plus the equity portion of any surplus values in the holdings of interest-bearing securities and 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.

Risk exposure amount

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

Common Equity Tier 1 capital

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

Tier 1 capital

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

Tier 2 capital

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Common Equity Tier 1 capital ratio

Common Equity 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 standardized approach.

Liquidity Coverage Ratio (LCR)

High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days. (Finansinspektionen's regulatory code FFFS 2012:6 and EU Regulation 575/2013.)

Credit loss level

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

Gross level of impaired loans

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

Net level of impaired loans

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

Specific reserve ratio for individually assessed impaired loans

Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans

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

Reserve ratio for portfolio assessed loans

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

Non-Performing-Loans

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

NPL coverage ratio

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

NPL per cent of lending

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

This is SEB

Our vision	To deliver world-class service to our customers.
Our purpose	We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.
Our overall ambition	To be the undisputed leading Nordic bank for corporations and institutions and the top universal bank in Sweden and the Baltic countries.
Whom we serve	2,300 large corporations, 700 financial institutions, 257,000 SME and 1,3 million private full-service customers bank with SEB. They are served mainly in eight countries around the Baltic Sea.
Our strategic priorities	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. Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions, small and medium-sized enterprises in Sweden, and savings offering to private individuals and corporate customers. 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.
Values	Guided by our Code of Business Conduct and our core values: customers first, commitment, collaboration and simplicity.
People	Around 15,500 highly skilled employees serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
History	160 years of business, trust and sharing knowledge. The Bank has always acted responsibly in society promoting entrepreneurship, international outlook and long-term relationships.

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