

Interim Report

January – June 2017

STOCKHOLM 14 JULY 2017



SEB

Interim report – the first six months 2017

First six months 2017

(Compared with the first six months 2016)

- Operating income SEK 22.6bn (21.4*), operating expenses SEK 10.9bn (16.7*), operating profit SEK 11.2bn (4.1*) and net profit SEK 8.8bn (2.2*).
- Net credit losses SEK 419m (512) with a credit loss level of 0.06 per cent (0.07).
- Return on equity 12.6 per cent (3.3), return on equity excluding items affecting comparability* 12.2 per cent (10.9) and earnings per share SEK 4.07 (1.02).

* See page 5 for information on items affecting comparability.

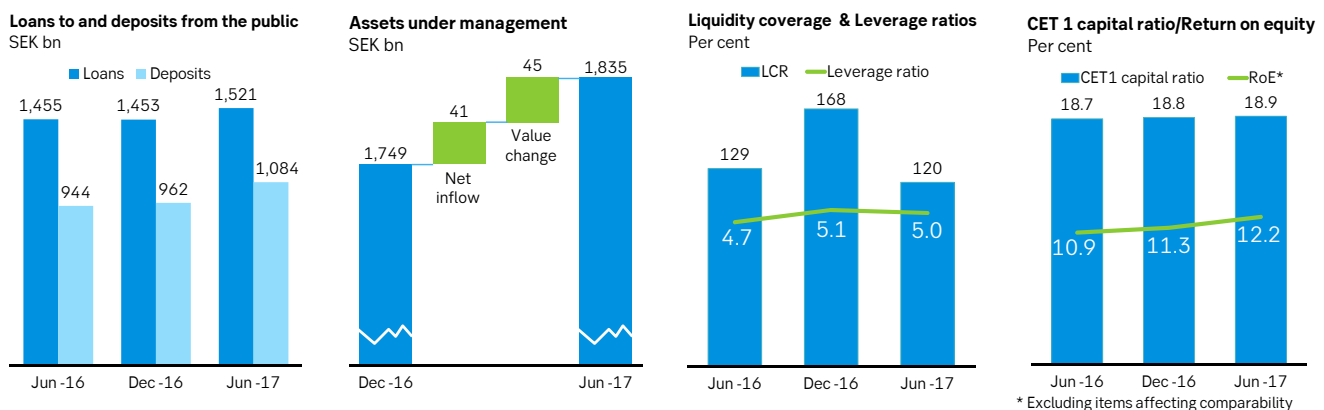
Second quarter 2017

(Compared with the first quarter 2017)

- Operating income SEK 11.4bn (11.2), operating expenses SEK 5.5bn (5.4), operating profit SEK 5.7bn (5.5) and net profit SEK 4.5bn (4.3).
- Net credit losses SEK 214m (204) with a credit loss level of 0.06 per cent (0.05).
- Return on equity 13.2 per cent (12.2), return on equity excluding items affecting comparability* 12.7 per cent (11.7) and earnings per share SEK 2.09 (1.98).

* See page 5 for information on items affecting comparability.

Volumes and key ratios



President's comment

The world economy is moving in the right direction. Global trade is trending upwards despite the increased calls for protectionism. US, Europe as well as China are all showing underlying economic strength. Several major trends – the transformative technological shift that are impacting all industries, the demographic shift with ageing populations and the higher global indebtedness (up 40 per cent since 2007) – seem to affect the global economic environment towards an extended period of low interest rates, increased savings and low demand for investments. Even though this has supported elevated asset prices, the global economy is still dependent on extreme monetary stimulus. The inflated central bank balance sheets have provided the world economy with USD 15,000bn in liquidity – equivalent to 20 per cent of the market cap of the global equity markets. The central banks have a difficult task ahead in balancing monetary policy in this new environment as seen by the reactions following the recent Fed hike and ECB's change of tone.



Higher customer activity and diverse business mix drive sustainable profit growth

As business sentiment continued to grow more positive, customer activity increased in all segments and markets where we operate. With SEB's diversified business mix, we can support our customers and deliver sustainable profitable growth also in the prevailing complex environment. In the first six months of the year, all four business divisions increased both operating income and operating profit compared to last year. Net interest income increased by 4 per cent despite an increase in the resolution fund fee from 4.5 to 9 basis points. Corporate customers were active in the capital markets taking advantage of the low interest rate levels. In combination with the strong, but less volatile, financial markets, this led to an increase in net fee and commission income of 12 per cent, compared to the first six months of 2016. The lower market volatility reduced customers' high demand for risk management services seen in the previous quarters. However, in the low interest rate environment, institutional investors continued the search for yield in more illiquid assets.

Operating expenses amounted to SEK 10,909m. We remain committed to our annual cost cap of below SEK 22bn through 2018. Asset quality remained high with a credit loss level of 0.06 per cent. With the Common Equity Tier 1 capital ratio at 18.9 per cent, return on equity reached 12.6 per cent.

Halfway through our three year business plan

With the end of this quarter, we are also halfway through our three year business plan. It comprises the first phase of our long-term vision to deliver world-class service to our customers. It includes both a focused growth and an ambitious transformation agenda. Over the past six quarters we have increased our operating leverage and are executing according to our plan – despite the slow start of 2016 with low customer activity. We have strengthened our franchise in all our businesses in Sweden as well as our Nordic and German franchises. We see that we still have opportunities in the long-term savings area. Customer behaviours are changing rapidly and the speed of change is even higher than we envisaged. We are meeting these changing needs through a number of enhanced and more convenient services; for example a more digital mortgage offering, digital on-boarding of new customers, new analytic services for corporate customers' liquidity positions and remote pension advisory services. As the first Nordic bank, we have utilised blockchain technology to let a large corporate customer make cross-border intra-company payments in a few seconds. With our transformation agenda we intend to capture the full potential that digitalisation provides both in terms of added value to our customers, as well as increased internal efficiency by means of automation. A key success factor for the transformation is new ways of working. I believe that the relocation in May to our new premises in Arenastaden, where we now are nearly 3,000, soon 4,500, co-workers, is one catalyst for this. The open and very attractive atmosphere in Arenastaden has induced more energy within SEB and an even stronger commitment to deliver world-class service to our customers. We continue to work hard to execute on our strategy and business plan.

A handwritten signature in blue ink that reads "Johan Toplev". The signature is fluid and cursive.

The first six months 2017

Operating profit increased by 175 per cent to SEK 11,210m (4,080). Excluding items affecting comparability in 2016 (see page 5), *operating profit* increased by 18 per cent from SEK 9,509m. *Net profit (after tax)* amounted to SEK 8,818m (2,225).

Operating income

Total operating income increased by 6 per cent to SEK 22,609m (21,358). Excluding items affecting comparability in 2016 (see page 5), *total operating income* increased by 8 per cent from SEK 20,838m.

Net interest income, which amounted to SEK 9,628m, increased by 4 per cent year-on-year (9,283). Both the Swedish repo rate and the ECB euro refinancing interest rate remained unchanged, at -0.5 and zero per cent, respectively.

SEK m	Jan-Jun		Change
	2017	2016	%
Customer-driven NII	10 826	9 989	8
NII from other activities	-1 198	-706	70
Total	9 628	9 283	4

Year-on-year customer-driven net interest income increased by SEK 837m, driven both by loan volumes and margins, but partly offset by a negative deposit margin effect.

Net interest income from other activities decreased by SEK 492m year-on-year. Both long-term funding and additional tier 1 capital were raised during the first quarter in order to pre-finance maturing funding, thereby increasing interest expense. In addition, total regulatory fees, including resolution fund and deposit guarantee fees, amounted to SEK 955m (683). In 2016, a resolution fee of 4.5 basis points applied to the adjusted balance sheet volumes was charged, versus 9 basis points in 2017. Regulatory fees are expected at around SEK 2bn in total in 2017, versus SEK 1.4bn in 2016. The appropriate level of resolution fund fee has been under consideration by the Swedish authorities during 2016 and 2017. See page 8 for a summary and status report.

Net fee and commission income increased by 12 per cent to SEK 8,959m (7,971). Corporate customers were active in the capital markets taking advantage of the low interest levels. The related fees from the issue of securities and advisory fees increased by SEK 352m year-on-year. At the same time demand for new loans

was limited and lending fees were down by 9 per cent compared to the first six months 2016. The stock market values improved during the first half-year. Fee income from assets under management and custody increased by SEK 385m. Of this, performance and transaction fees amounted to SEK 93m (42). Net life insurance commissions relating to the unit-linked insurance business increased to SEK 549m (495).

Net financial income increased by 14 per cent to SEK 3,523m (3,103). The main reason was the positive development in the first quarter of the market value of the bond portfolio held for liquidity purposes as well as a positive outcome from the short-term liquidity management. The fair value credit adjustment¹⁾ amounted to SEK -143m for the first six months, a positive change of SEK 215m (-358).

Net other income decreased by 50 per cent to SEK 499m (1,001). Adjusted for a 2016 item affecting comparability (see page 5), net other income was in line with the corresponding period 2016. Realised capital gains as well as unrealised valuation and hedge accounting effects were included in this line item.

Operating expenses

Total operating expenses decreased by 35 per cent to SEK 10,909m (16,697). The decrease is explained by items affecting comparability (see page 5). Excluding these items, operating expenses were up by 1 per cent. The cost cap for the full year 2017 remains unchanged at SEK 22bn.

Credit losses and provisions

Net credit losses decreased by 18 per cent to SEK 419m (512). The credit loss level was 6 basis points (7). There were credit recoveries in the Baltic Division in the first quarter 2017 in the amount of SEK 19m.

Income tax expense

Total income tax expense increased by 29 per cent to SEK 2,392m (1,855). The effective tax rate for the first six months was 21.3 per cent. In 2016, there were tax effects from the items affecting comparability (see page 5).

In 2017, new legislation was introduced in Sweden, which discontinued the tax deductibility of interest expense on subordinated debt that qualifies as tier 1 or tier 2 capital. This increased income tax expenses by

Comparative numbers (in parenthesis):

The result for the first six months is compared to the first six months 2016.

The quarterly result is compared to the first quarter 2017.

Business volumes are compared to year-end 2016, unless otherwise stated.

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

SEK 186m. The total estimated effect in 2017 is an increase of SEK 360m and SEK 300m in 2018 and each year onwards, all else equal.

A dividend from the subsidiary in Estonia in the first quarter 2017 was taxed at the time of pay-out to the parent company. The tax amounted to SEK 72m.

Return on equity

Return on equity for the first six months was 12.6 per cent (3.3). Excluding items affecting comparability (see below) the *return on equity* was 12.2 per cent (10.9).

Other comprehensive income

The *other comprehensive income* amounted to SEK 727m (-1,457).

The value of the pension plan assets exceeded the defined benefit obligations. The discount rate for the pension obligation in Sweden was changed to 2.2 per cent (2.4 at year-end) while in Germany the discount rate was changed to 1.85 per cent (1.7 at year-end). The net value of the defined benefit pension plan assets and liabilities increased since year-end leading to other comprehensive income of SEK 1,444m (-2,977).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. the total of cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was negative in the amount of SEK -717m (1,520). In 2016, the holdings in Visa Sweden was reflected in the valuation of available-for-sale financial assets.

The second quarter 2017

Operating profit increased by 3 per cent compared with the first quarter to SEK 5,681m (5,529) while *net profit (after tax)* increased by 6 per cent to SEK 4,528m (4,290).

Operating income

Total operating income increased by 2 per cent to SEK 11,405m compared with the first quarter (11,204) and by 2 per cent compared to SEK 11,136m in the second quarter 2016.

Net interest income, which amounted to SEK 4,913m, increased by 4 per cent compared with the previous quarter (4,716) and increased by 6 per cent year-on-year. Both the Swedish repo rate and the ECB euro refinancing interest rate were unchanged -0.5 and zero per cent, respectively.

SEK m	Q2	Q1	Q2
	2017	2017	2016
Customer-driven NII	5 399	5 427	5 022
NII from other activities	-486	-711	-375
Total	4 913	4 716	4 647

Customer-driven net interest income decreased by SEK 28m compared with the first quarter 2017. Loan volumes contributed positively, but was fully counteracted by both loan and deposit margin effects. A small change in the internal pricing model for deposits introduced in the quarter affected the customer-driven net interest income negatively.

Net interest income from other activities improved by SEK 225m compared to the first quarter 2017. Total regulatory fees, including resolution fund and deposit guarantee fees, amounted to SEK 429m (526). In the second quarter, the resolution fund fee calculation was finalised by the Swedish National Debt Office. The result was lower fees compared to the estimate that was reported in the first quarter.

Items affecting comparability:

- In the second quarter 2016, the settlement of the transaction of SEB's Baltic holdings in Visa Europe resulted in a gain of SEK 520m, accounted for as net other income. The gain generated a tax expense of SEK 24m.
- In the first quarter 2016, SEB implemented a new customer-oriented organisation. The reorganisation resulted in an impairment of goodwill in the amount of SEK 5,334m accounted for as operating expense. This expense was not tax deductible.
- In the first quarter 2016, financial effects from restructuring activities in the Baltic and German businesses and a write-down (derecognition) of intangible IT assets no longer in use were booked. In total, these items affected operating expenses by SEK 615m and there was a positive tax effect amounting to SEK 101m.

The only impact of the items affecting comparability in the 2017 reporting is on the return on equity measurement, as the items affecting comparability are part of the opening balance of equity.

The following table compares the operating profit for the first six months 2017 with 2016 excluding the items affecting comparability:

SEK m	Jan-Jun	2016	Change
	2017	2016	%
Total operating income	22 609	20 838	8
Total operating expenses	-10 909	-10 748	1
Profit before credit losses	11 700	10 090	16
Net credit losses etc	-490	-581	-16
Operating profit	11 210	9 509	18

Net fee and commission income increased by 10 per cent to SEK 4,691m (4,268) and increased by 15 per cent compared with the second quarter 2016. Corporate customers were active in the capital markets taking advantage of the low interest levels. The related fees from the issue of securities and advisory fees increased by SEK 148m compared to the first quarter and more than doubled, an increase of SEK 219m, year-on-year. In the second quarter, loan demand picked up somewhat and lending fees increased by 5 per cent compared to the first quarter. Stock market values improved during the quarter. Fee income from assets under management and custody increased by SEK 238m. Of this performance and transaction fees amounted to SEK 55m (38). Increased customer activity led to net payment and card fees 8 per cent higher than the first quarter. Net commissions relating to the unit-linked life insurance business were fairly flat.

Net financial income decreased by 29 per cent to SEK 1,461m (2,063) and were down by 15 per cent compared to the second quarter 2016. The financial markets were calm with low volatility. Institutional customers did not need to reallocate their portfolios or adjust their hedging solutions. The strong development in the first quarter with regard to the market values of the bond portfolio held for liquidity purposes and the effects of short-term liquidity management continued but were not as favourable in the second quarter. The fair value credit adjustment¹⁾ amounted to SEK -61m in the first quarter and SEK -81m in the second. The net financial income relating mainly to the traditional life insurance operations in Sweden and Denmark increased by SEK 58m to SEK 436m (378).

Net other income increased by 117 per cent to SEK 341m (157) in the second quarter and decreased by 51 per cent compared to the second quarter 2016. Refer to page 5 for information on the Visa transaction, an item that affected comparability in 2016. Realised capital gains and unrealised valuation and hedge accounting effects were included in this line item.

Operating expenses

Total operating expenses increased by 1 per cent to SEK 5,473m (5,436). There were costs relating to the on-going transformation of the bank as well as the higher activity level across the bank's operations.

Credit losses and provisions

Net credit losses increased by 5 per cent to SEK 214m (204) and decreased by 3 per cent compared to the second quarter 2016. The credit loss level was 6 basis points (5).

Income tax expense

Total *income tax expense* decreased by 7 per cent to SEK 1,153m (1,239). The effective tax rate for the second quarter was 20.3 per cent (22.4). In the first quarter 2017 a dividend from the subsidiary in Estonia was taxed at the time of pay-out to the parent company. The tax amounted to SEK 72m.

Return on equity

Return on equity for the second quarter was 13.2 per cent (12.2). Excluding items affecting comparability, the *return on equity* was 12.7 per cent (11.7).

Other comprehensive income

The *other comprehensive income* amounted to SEK -485m (1,212).

The value of the pension plan assets exceeded the defined benefit obligations. The discount rate for the pension obligation in Sweden was adjusted to 2.2 per cent (2.4 at the end of the first quarter) while in Germany the discount rate was changed to 1.85 per cent (1.8 at the end of the first quarter). Both the total defined benefit obligation and the market value of the pension assets increased somewhat. The net value of plan assets and liabilities decreased somewhat leading to other comprehensive income of SEK -86m (1,530).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. the total of cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was negative in the amount of SEK -399m (-318).

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

Business volumes

Total assets at the end of the period were SEK 2,777bn, an increase by SEK 156bn since year-end (2,621).

SEK bn	Jun	Dec	Jun
	2017	2016	2016
General governments	26	28	32
Households	563	549	540
Corporates	806	786	747
Repos	96	63	109
Debt securities	14	15	15
Other	15	12	12
Loans to the public	1 521	1 453	1 455

Loans to the public amounted to SEK 1,521bn, an increase of SEK 68bn since year-end. Excluding repos, the main changes were increases in mortgage lending and financing to housing co-operative associations in Sweden as well as growth in both private and corporate lending in the Baltic region.

SEB's total credit portfolio (in which both on- and off-balance sheet volumes are included) amounted to SEK 2,159bn (2,143). During the first half-year total household loans and commitments increased by SEK 19bn. The combined corporate and real estate management loans and commitments decreased by SEK 8bn though there was some growth in co-op financing.

SEK bn	Jun	Dec	Jun
	2017	2016	2016
General governments	43	35	29
Households	291	277	274
Corporates	679	605	582
Repos	28	1	13
Other	42	44	46
Deposits and borrowings from the public	1 084	962	944

Deposits from the public amounted to SEK 1,084bn. In the corporate segment, deposits from corporations increased by SEK 75bn since year-end. Household deposits increased by SEK 14bn.

Total assets under management amounted to SEK 1,835bn (1,749¹⁾). The net inflow of assets during the year was SEK 41bn and the total market value increased by SEK 45bn.

Assets under custody increased partly reflecting the increasing stock market values during the quarter and amounted to SEK 7,679bn (6,859).

Market risk

SEB's business model is driven by customer demand. Value-at-Risk (VaR) in the trading operations averaged SEK 92m in the first six months of 2017 (110m first six months 2016) and the full year 2016 average was SEK 112m. On average, the Group does not expect to lose more than this amount during a period of ten trading days, with 99 per cent probability. VaR was relatively stable during the first half-year 2017.

Liquidity and long-term funding

Short-term funding in the form of commercial paper and certificates of deposit decreased by SEK 13bn from year-end 2016.

SEK 50bn of long-term funding matured during the first half of 2017 (of which SEK 35bn covered bonds and SEK 15bn senior debt). During the same time, new issues amounted to SEK 57bn (of which SEK 34bn constituted covered bonds, SEK 18bn senior debt and SEK 5bn additional tier 1 subordinated debt). SEB's inaugural own green bond in the amount of EUR 500m was part of the senior funding raised.

The liquidity reserve, as defined by the Swedish Bankers' Association, amounted to SEK 463bn at the end of the quarter (427).

The Liquidity Coverage Ratio (LCR), according to the rules adapted for Sweden by the Swedish Financial Supervisory Authority (SFSA), must be at least 100 per cent in total and in EUR and USD, respectively. At the end of the period, the LCR was 120 per cent (168). The USD and EUR LCRs were 232 and 313 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 110 per cent (114).

Rating

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

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

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

¹⁾ Refer to pp 8 for information on adjusted reporting of assets under management.

Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 18.9 per cent. SEB's estimate of the full pillar 1 and 2 CET1 capital requirements – where the pillar 2 requirements were calculated according to the methods set by the SFSA – was 17.0 per cent at the end of June 2017. The SFSA increased the countercyclical buffer requirement by 0.5 percentage points to 2.0 per cent in the first quarter. The Bank aims to have a buffer of around 150 basis points above the capital requirement.

SEB's application to use a revised internal model for corporate exposure risk-weights is under consideration by the SFSA. If approved, the risk exposure amount (REA) is expected to increase, however the temporary pillar 2 capital buffer requirement, currently 0.5 per cent, will be discontinued.

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

	Jun	Dec	Jun
Own funds requirement, Basel III	2017	2016	2016
Risk exposure amount, SEK bn	617	610	588
Common Equity Tier 1 capital ratio, %	18.9	18.8	18.7
Tier 1 capital ratio, %	22.1	21.2	21.1
Total capital ratio, %	25.7	24.8	23.5
Leverage ratio, %	5.0	5.1	4.7

Total REA increased by SEK 7bn from year-end 2016. The SFSA no longer allows risk-weighting of sovereign exposures according to the standardised method. The application of the internal ratings based foundation method increased REA by around SEK 9bn. FX effects decreased REA by SEK 6bn.

The leverage ratio was 5.0 per cent (5.1).

Long-term financial targets

SEB's long-term financial targets are:

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

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

Reporting adjustments as of the beginning of 2017

Rounding

In line with market practice, numbers in the tables of this report will not be adjusted for the purpose of making totals agree. The change was done for practical reasons and had no material impact. Historical information was not restated.

Assets under management

The definition of assets under management was refined to better define and reflect all asset classes. Certain deposits, that previously were included in the definition while awaiting an investment decision from the customer, are now excluded. Further, certain other assets that previously were not defined as assets under management have been included in the definition. The net effect on the 2017 opening balance was a decrease of SEK 32bn. For comparison purposes, the quarterly information for 2015 and 2016 has been recalculated pro forma.

Business equity

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

Changes in regulatory requirements

The proposal from the Swedish government to increase the resolution fund fee to 12.5 basis points with no limit on the total resolution fund amount was rescinded. A new proposal for a resolution fund fee of 0.125 per cent applied to the adjusted balance sheet volumes in 2018 is proposed. The fee would be reduced step by step to 0.09 per cent for 2019 and 0.05 per cent from 2020 until the fund target is met. The fund target level which is proposed to be 3 per cent of the guaranteed deposits is expected to be reached by the year 2025.

Within SEB an IFRS Programme has been set up for implementation of the new accounting standards, which was described in the Annual Report 2016. IFRS 9 introduces, among other things, a new impairment model based on expected loss instead of the incurred loss model applicable today. SEB's assessment is that the expected loss model is likely to increase loan loss provisions and decrease equity at transition and that volatility in the credit loss line item in the income statement will increase with the new rules. The European Commission has proposed that incremental provisions under IFRS 9 should be phased in to the capital base over a five year period.

As previously communicated, tentative decisions have been taken regarding IFRS 9. For classification of financial liabilities IFRS 9 allows the possibility to early adopt the presentation of changes in fair value as a result of changes in own credit risk for financial liabilities designated to fair value through profit or loss in Other comprehensive income instead of Profit or loss. SEB does not intend to adopt this possibility early. When it comes to hedge accounting, IFRS 9 allows for an accounting policy choice and SEB plans to continue to apply the hedge accounting requirements in IAS 39.

Risks and uncertainties

SEB assumes credit, market, liquidity, IT and operational as well as life insurance risks. The risk composition of the Group, as well as the related risk, liquidity and capital management, are described in SEB's Annual Report for 2016 (see page 40-45 and notes 17, 19 and 20) and in the Capital Adequacy and Risk Management report for 2016 and for the first six months 2017. Further information is presented in the Fact Book on a quarterly basis.

The macroeconomic development remains uncertain even though the outlook for the world economy is somewhat more positive. Deflation risks are less

prominent. However, large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks world-wide may create direct and indirect effects that are difficult to assess. There are signs that the Swedish central bank may not further cut interest rates and may introduce a raise during spring 2018. Geopolitical uncertainty has increased. The process forward for Brexit have added to the uncertainty, as well as the upcoming election in Germany.

Visa transaction

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

The closing of the transaction of SEB's Visa memberships in the Baltic countries was finalised and settled in 2016.

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

Stockholm, 14 July 2017

The President and the Board of Directors declare that the Interim Report for the period January to June 2017 provides a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.

Marcus Wallenberg
Chairman

Sven Nyman
Deputy chairman

Jesper Ovesen
Deputy chairman

Johan H. Andresen
Director

Signhild Arnegård Hansen
Director

Samir Brikho
Director

Winnie Fok
Director

Tomas Nicolin
Director

Helena Saxon
Director

Sara Öhrvall
Director

Anna-Karin Glimström
*Director**

Håkan Westerberg
*Director**

Johan Torgeby
President and Chief Executive Officer
Director

** Appointed by the employees*

Press conference and webcasts

The press conference at 9 am CET on 14 July 2017, at Kungsträdgårdsgatan 8 with the President and CEO Johan Torgeby can be followed live in Swedish on www.sebgroup.com/sv/ir. A simultaneous translation into English will be available on www.sebgroup.com/ir. A replay will be available afterwards.

Access to telephone conference

The telephone conference at 1.30 pm CET 14 July 2017 with the President and CEO, Johan Torgeby, the CFO, Jan Erik Back, and the Head of Investor Relations, Jonas Söderberg, can be accessed by telephone, +44(0)20 7162 0077. Please quote conference id: 962296 and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

Further information is available from:

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

Financial information calendar 2017

25 October Interim Report January-September

The silent period starts 9 October

The financial information calendar for 2018 will be published in conjunction with the Interim Report for January-September 2017.

Accounting policies

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

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

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

Review report

We have reviewed this interim report for the period 1 January 2017 to 30 June 2017 for Skandinaviska Enskilda Banken AB (publ.). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm 14 July 2017

PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in charge

Martin By
Authorised Public Accountant

The SEB Group

Income statement – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Net interest income	4 913	4 716	4	4 647	6	9 628	9 283	4	18 738	
Net fee and commission income	4 691	4 268	10	4 074	15	8 959	7 971	12	16 628	
Net financial income	1 461	2 063	-29	1 718	-15	3 523	3 103	14	7 056	
Net other income	341	157	117	697	-51	499	1 001	-50	1 349	
Total operating income	11 405	11 204	2	11 136	2	22 609	21 358	6	43 771	
Staff costs	-3 533	-3 590	-2	-3 507	1	-7 123	-7 258	-2	-14 562	
Other expenses	-1 741	-1 657	5	-1 648	6	-3 398	-3 352	1	-6 703	
Depreciation, amortisation and impairment of tangible and intangible assets ¹⁾	-199	-189	5	-177	12	-387	-6 087	-94	-6 496	
Total operating expenses	-5 473	-5 436	1	-5 332	3	-10 909	-16 697	-35	-27 761	
Profit before credit losses	5 933	5 767	3	5 804	2	11 700	4 661	151	16 010	
Gains less losses from tangible and intangible assets	-37	-34	8	-47	-21	-72	-69	4	-150	
Net credit losses	-214	-204	5	-221	-3	-419	-512	-18	-993	
Operating profit	5 681	5 529	3	5 536	3	11 210	4 080	175	14 867	
Income tax expense	-1 153	-1 239	-7	-1 017	13	-2 392	-1 855	29	-4 249	
Net profit	4 528	4 290	6	4 519	0	8 818	2 225		10 618	

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

Attributable to shareholders	4 528	4 290	6	4 519	0	8 818	2 225		10 618
Basic earnings per share, SEK	2.09	1.98		2.07		4.07	1.02		4.88
Diluted earnings per share, SEK	2.08	1.97		2.06		4.05	1.01		4.85

Statement of comprehensive income – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Net profit	4 528	4 290	6	4 519	0	8 818	2 225		10 618	
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	-127	32		596		-95	1 094		990	
Cash flow hedges	-308	-351	-12	-216	43	-659	-26		-811	
Translation of foreign operations	36	1		378	-90	37	452	-92	750	
<i>Items that will not be reclassified to the income statement:</i>										
Defined benefit plans	-86	1 530		128		1 444	-2 977		-1 875	
Other comprehensive income (net of tax)	- 485	1 212		886		727	- 1 457		- 946	
Total comprehensive income	4 043	5 502	-27	5 405	-25	9 545	768		9 672	
Attributable to shareholders	4 043	5 502	-27	5 405	-25	9 545	768		9 672	

Balance sheet – SEB Group

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Cash and cash balances with central banks	224 841	151 078	149 159
Other lending to central banks	21 607	66 730	15 678
Loans to credit institutions ¹⁾	74 305	50 527	78 052
Loans to the public	1 521 426	1 453 019	1 454 970
Financial assets at fair value through profit or loss ²⁾	817 215	785 026	846 765
Fair value changes of hedged items in a portfolio hedge	73	111	161
Available-for-sale financial assets ²⁾	32 611	35 747	36 084
Assets held for sale	376	587	542
Investments in subsidiaries and associates	1 127	1 238	1 099
Tangible and intangible assets	19 908	20 158	20 584
Other assets	63 493	56 425	74 229
Total assets	2 776 981	2 620 646	2 677 323
Deposits from central banks and credit institutions ³⁾	133 911	119 864	177 661
Deposits and borrowing from the public ³⁾	1 083 729	962 028	944 353
Liabilities to policyholders	419 830	403 831	377 536
Debt securities issued	649 373	668 880	660 983
Financial liabilities at fair value through profit or loss	217 137	213 496	265 562
Fair value changes of hedged items in a portfolio hedge	1 343	1 537	1 770
Other liabilities	86 496	67 082	82 424
Provisions	1 865	2 233	2 864
Subordinated liabilities	44 940	40 719	32 242
Total equity	138 358	140 976	131 928
Total liabilities and equity	2 776 981	2 620 646	2 677 323
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.	280 833	252 421	287 513
3) Deposits covered by deposit guarantees.	284 259	252 815	216 179

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Pledged assets for own liabilities ¹⁾	442 313	478 998	484 365
Pledged assets for liabilities to insurance policyholders	419 830	403 831	377 536
Other pledged assets ²⁾	184 784	154 518	155 359
Pledged assets	1 046 926	1 037 347	1 017 260
Contingent liabilities ³⁾	114 239	120 231	111 826
Commitments	655 114	655 350	632 708
Contingent liabilities and commitments	769 353	775 581	744 534

1) Of which collateralised for covered bonds SEK 342,670m (346,585/338,074).

2) Of which securities lending SEK 89,450m (61,498/70,336) and pledged but unencumbered bonds SEK 75,135m (80,718/72,989).

3) Of which credit guarantees SEK 11,562m (14,309/13,757).

Key figures – SEB Group

	Q2	Q1	Q2	Jan–Jun		Full year
	2017	2017	2016	2017	2016	2016
Return on equity, %	13.22	12.19	14.03	12.64	3.29	7.80
Return on equity excluding items affecting comparability ¹⁾ , %	12.73	11.74	11.88	12.18	10.87	11.30
Return on total assets, %	0.62	0.61	0.63	0.62	0.16	0.37
Return on risk exposure amount, %	2.94	2.82	3.16	2.88	0.78	1.80
Cost/income ratio	0.48	0.49	0.48	0.48	0.78	0.63
Cost/income ratio excluding items affecting comparability ¹⁾	0.48	0.49	0.50	0.48	0.52	0.50
Basic earnings per share, SEK	2.09	1.98	2.07	4.07	1.02	4.88
Weighted average number of shares ²⁾ , millions	2 168	2 169	2 182	2 168	2 187	2 178
Diluted earnings per share, SEK	2.08	1.97	2.06	4.05	1.01	4.85
Weighted average number of diluted shares ³⁾ ,	2 178	2 179	2 193	2 179	2 198	2 188
Net worth per share, SEK	71.96	70.21	68.28	71.96	68.28	73.00
Equity per share, SEK	63.87	62.09	60.87	63.87	60.87	65.00
Average shareholders' equity, SEK, billion	137.0	140.8	128.8	139.5	135.3	136.2
Credit loss level, %	0.06	0.05	0.06	0.06	0.07	0.07
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	120	133	129	120	129	168
<u>Own funds requirement, Basel III</u>						
Risk exposure amount, SEK m	616 523	610 047	587 590	616 523	587 590	609 959
Expressed as own funds requirement, SEK m	49 322	48 804	47 007	49 322	47 007	48 797
Common Equity Tier 1 capital ratio, %	18.9	18.9	18.7	18.9	18.7	18.8
Tier 1 capital ratio, %	22.1	22.2	21.1	22.1	21.1	21.2
Total capital ratio, %	25.7	25.9	23.5	25.7	23.5	24.8
Leverage ratio, %	5.0	4.7	4.7	5.0	4.7	5.1
Number of full time equivalents ⁵⁾	14 988	15 006	15 367	14 995	15 388	15 279
Assets under custody, SEK bn	7 679	7 463	6 476	7 679	6 476	6 859
Assets under management ⁶⁾ , SEK bn	1 835	1 800	1 619	1 835	1 619	1 749

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

2) The number of issued shares was 2,194,171,802. SEB owned 25,177,693 Class A shares for the equity based programmes at year-end 2016. During 2017 SEB has purchased 6,986,000 shares and 4,416,559 shares have been sold. Thus, at 30 June 2017 SEB owned 27,747,134 Class A-shares with a market value of SEK 2,827m.

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

4) According to Swedish FSA regulations for respective period.

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

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

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

Income statement on quarterly basis - SEB Group

SEK m	Q2	Q1	Q4	Q3	Q2
	2017	2017	2016	2016	2016
Net interest income	4 913	4 716	4 798	4 657	4 647
Net fee and commission income	4 691	4 268	4 609	4 048	4 074
Net financial income	1 461	2 063	2 038	1 915	1 718
Net other income	341	157	173	175	697
Total operating income	11 405	11 204	11 618	10 795	11 136
Staff costs	-3 533	-3 590	-3 774	-3 530	-3 507
Other expenses	-1 741	-1 657	-1 727	-1 624	-1 648
Depreciation, amortisation and impairment of tangible and intangible assets	-199	-189	-208	-201	-177
Total operating expenses	-5 473	-5 436	-5 709	-5 355	-5 332
Profit before credit losses	5 933	5 767	5 909	5 440	5 804
Gains less losses from tangible and intangible assets	-37	-34	-67	-14	-47
Net credit losses	-214	-204	-284	-197	-221
Operating profit	5 681	5 529	5 558	5 229	5 536
Income tax expense	-1 153	-1 239	-1 314	-1 080	-1 017
Net profit	4 528	4 290	4 244	4 149	4 519
Attributable to shareholders	4 528	4 290	4 244	4 149	4 519
Basic earnings per share, SEK	2.09	1.98	1.96	1.91	2.07
Diluted earnings per share, SEK	2.08	1.97	1.95	1.90	2.06

Income statement by division – SEB Group

Jan-Jun 2017, SEK m	Large		Life & Investment			Eliminations	SEB Group
	Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Management	Other ¹⁾		
Net interest income	4 100	4 707	1 129	-42	-292	26	9 628
Net fee and commission income	3 311	2 864	631	2 159	1	-7	8 959
Net financial income	1 687	230	115	789	677	25	3 523
Net other income	231	29	-5	13	237	-6	499
Total operating income	9 329	7 830	1 870	2 920	623	37	22 609
Staff costs	-1 951	-1 667	-363	-776	-2 384	18	-7 123
Other expenses	-2 539	-1 911	-495	-456	2 058	-55	-3 398
Depreciation, amortisation and impairment of tangible and intangible assets	-29	-29	-30	-18	-281		-387
Total operating expenses	-4 519	-3 608	-888	-1 249	-607	-37	-10 909
Profit before credit losses	4 810	4 222	982	1 670	16	0	11 700
Gains less losses from tangible and intangible assets	1		-72				-72
Net credit losses	-299	-130	8		2		-419
Operating profit	4 512	4 092	918	1 670	18	0	11 210

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

Large Corporates & Financial Institutions

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

Income statement

SEK m	Q2		Q1		Q2		Jan — Jun			Full year 2016
	2017	2017	%	2016	%	2017	2016	%		
Net interest income	2 057	2 043	1	2 089	-2	4 100	4 170	-2	8 307	
Net fee and commission income	1 781	1 530	16	1 577	13	3 311	2 961	12	6 095	
Net financial income	729	957	-24	1 021	-29	1 687	1 918	-12	4 187	
Net other income	199	32		19		231	194	19	389	
Total operating income	4 766	4 563	4	4 706	1	9 329	9 243	1	18 978	
Staff costs	-932	-1 019	-9	-943	-1	-1 951	-2 030	-4	-4 062	
Other expenses	-1 294	-1 245	4	-1 275	2	-2 539	-2 630	-3	-5 080	
Depreciation, amortisation and impairment of tangible and intangible assets	-15	-13	17	-7	120	-29	-121	-76	-140	
Total operating expenses	-2 241	-2 277	-2	-2 225	1	-4 519	-4 781	-5	-9 282	
Profit before credit losses	2 525	2 285	10	2 481	2	4 810	4 462	8	9 696	
Gains less losses from tangible and intangible assets		1	-34	1	-64	1	1	-10		
Net credit losses	-155	-144	8	-138	13	-299	-260	15	-563	
Operating profit	2 370	2 142	11	2 344	1	4 512	4 203	7	9 133	
Cost/Income ratio	0.47	0.50		0.47		0.48	0.52		0.49	
Business equity, SEK bn	66.2	66.1		60.4		66.2	61.0		62.4	
Return on business equity, %	10.7	9.7		12.0		10.2	10.6		11.3	
Number of full time equivalents ¹⁾	2 050	2 066		2 153		2 058	2 183		2 134	

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

- High client activity within the primary equity and bond markets
- Institutional investors continued to search for yield in an environment with low volatility and low interest rates
- Operating profit amounted to SEK 4,512m and return on business equity was 10.2 per cent

Comments on the first six months

Improving macro economics, receding geopolitical uncertainty and continued excess of liquidity contributed to a business environment with high capital market activity, off-set by lower customer trading flows due to record-low volatility.

The *Financial institutions* segment was affected by the external environment which, combined with high asset prices, dampened activity. Investors' asset allocations remained relatively unchanged and demand for hedging services was subdued. Activity in the primary market was however high both in the bond and equity markets. Clients continued to adapt to regulatory reforms seeking advice and new services especially relating to the implementation of Mifid II and Emir. Assets under custody amounted to SEK 7,679bn (6,859).

Customer activity in the *Large Corporate* segment was high, particularly in the capital markets, due to high liquidity and attractive funding. These market conditions combined with a lack of underlying growth dampened the demand for traditional bank financing. Margin pressure stabilised despite high competition. SEB

advised in more than ten mergers and acquisitions. Outside Sweden, continued optimism in the Nordic countries and Germany led to higher corporate activity.

SEB was the first Nordic bank to use blockchain technology when one large corporate customer made intra-group payments between accounts in Sweden and the United States.

Operating income at SEK 9,329 m (9,243) increased compared to last year. Net interest income decreased as a consequence of higher resolution fund fees. However, the customer driven interest income improved as a result of adaption to negative interest rates and increased volumes. Net fee and commission income increased primarily driven by the capital markets activities. Net financial income was affected by negative valuation adjustments related to counterparty risk (CVA) and challenging market conditions. Operating expenses, excluding items affecting comparability in 2016, increased slightly primarily due to regulatory-driven IT development. The credit loss level was 9 basis points and net credit losses amounted to SEK 299m.

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	Q2		Q1		Q2		Jan — Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Net interest income	2 376	2 330	2	2 241	6	4 707	4 429	6	8 982	
Net fee and commission income	1 472	1 393	6	1 366	8	2 864	2 641	8	5 414	
Net financial income	122	108	13	98	24	230	188	22	394	
Net other income	15	14	3	21	-30	29	27	7	55	
Total operating income	3 985	3 845	4	3 726	7	7 830	7 285	7	14 845	
Staff costs	-814	-854	-5	-828	-2	-1 667	-1 672	0	-3 339	
Other expenses	-985	-926	6	-924	7	-1 911	-1 812	5	-3 713	
Depreciation, amortisation and impairment of tangible and intangible assets	-14	-15	-6	-17	-16	-29	-33	-11	-69	
Total operating expenses	-1 813	-1 795	1	-1 769	2	-3 608	-3 517	3	-7 121	
Profit before credit losses	2 171	2 051	6	1 957	11	4 222	3 768	12	7 724	
Gains less losses from tangible and intangible assets										
Net credit losses	-48	-81	-40	-110	-56	-130	-229	-43	-376	
Operating profit	2 123	1 969	8	1 847	15	4 092	3 539	16	7 348	
Cost/Income ratio	0.46	0.47		0.47		0.46	0.48		0.48	
Business equity, SEK bn	41.1	40.4		36.9		40.7	36.5		37.3	
Return on business equity, %	15.5	14.6		15.4		15.1	14.9		15.2	
Number of full time equivalents ¹⁾	3 549	3 510		3 703		3 525	3 714		3 667	

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

- 7,600 digitally onboarded private customers
- Growth in both household and corporate lending portfolios
- Operating profit amounted to SEK 4,092m and return on business equity was 15.1 per cent

Comments on the first six months

Customer activity was higher, driven by increased proactivity in combination with greater activity in the digital and remote channels. An all-digital customer onboarding process was launched as well as an enhanced digital mortgage application process, enabling 7,600 new private customers and the rate of digital household mortgage applications doubled. The growth rate in household mortgages accelerated, with volumes increasing by SEK 12bn to SEK 461bn (449*). Customers' use of mobile services changed rapidly, with interactions reaching another all-time high at an average of 18 million per month for the private and 1 million for the corporate customer segment, respectively. The branch network also experienced an increase in customer visits, partly related to the Swedish bill and coin exchange but also as a result of higher demand for financial advisory meetings.

On the savings side, assets under management increased, driven by a combination of the asset price development and new inflows.

Customer activity in the corporate segment also increased as corporations' willingness to invest picked up. Corporate lending increased by SEK 7bn to SEK 217bn (210*), while the number of full-service customers reached 172,000 (168,000). Total deposit volumes from private and corporate customers amounted to SEK 378bn (372).

Operating profit increased to SEK 4,092m, mainly driven by the growth in net interest income which reached SEK 4,707m and net fee and commission income which amounted to SEK 2,864m. Credit losses decreased to SEK 130m, corresponding to a credit loss level of 4 basis points.

* The real estate loan portfolio for the customer segment sole traders was reclassified in the division. As a result, the year-end reported corporate lending of SEK 224bn was adjusted to SEK 210bn and similarly the year-end reported mortgage balance of SEK 433bn was adjusted to SEK 449bn. The reclassification was already reflected on group level.

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	Q2		Q1		Q2		Jan — Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Net interest income	578	552	5	508	14	1 130	1 017	11	2 150	
Net fee and commission income	325	307	6	284	14	632	548	15	1 171	
Net financial income	53	62	-15	51	4	115	105	10	218	
Net other income	-1	3		0		3	1	161	-1	
Total operating income	956	924	3	843	13	1 879	1 671	12	3 538	
Staff costs	-179	-177	1	-182	-2	-356	-360	-1	-734	
Other expenses	-247	-245	1	-231	7	-491	-548	-10	-1 016	
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-13	23	-13	25	-30	-26	14	-62	
Total operating expenses	-442	-435	2	-426	4	-877	-934	-6	-1 812	
Profit before credit losses	513	489	5	417	23	1 002	737	36	1 726	
Gains less losses from tangible and intangible assets	1	1	71	2	-48	2	4	-59	9	
Net credit losses	-11	19		27		8	-22		-57	
Operating profit	504	508	-1	446	13	1 012	719	41	1 678	
Cost/Income ratio	0.46	0.47		0.51		0.47	0.56		0.51	
Business equity, SEK bn	7.7	7.6		7.5		7.7	7.6		7.6	
Return on business equity, %	22.9	23.4		20.8		23.2	16.7		19.3	
Number of full time equivalents ¹⁾	2 403	2 408		2 535		2 404	2 559		2 534	

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

Baltic Division (incl. RHC)

Operating profit	453	465	-3	383	18	918	616	49	1 451
Cost/Income ratio	0.47	0.48		0.52		0.47	0.57		0.53
Business equity, SEK bn	7.9	7.8		7.8		7.8	7.8		7.9
Return on business equity, %	20.2	21.0		17.2		20.6	13.8		16.2
Number of full time equivalents ¹⁾	2 430	2 433		2 568		2 430	2 592		2 565

- Stable improvement of business sentiment in all segments
- Usage of new mobile functionality continued to grow
- Operating profit amounted to SEK 1,012m and return on business equity was 23.2 per cent

Comments on the first six months

GDP growth continued to be supported by higher investments and private consumption as well as increasing exports. Inflation increased slightly, driven mainly by higher wages and excise duty rates.

SEB's strategic focus on entrepreneurial and digital services continued. SEB launched an innovation center in Tallinn including an enterprise growth programme for selected clients. SEB also launched E-Academy in Estonia and Lithuania consisting of educational videos, training and test modules for start-up businesses and entrepreneurs. By the end of the quarter, over 100,000 visits had been made to the academy portals. There were a high number of additional users of the new SEB mobile app – in total more than 160,000 by the end of June. Also, the number of SEB users of Smart ID, a mobile app for digital signing, increased to 100,000.

The number of home banking customers in the division was 1,035,000 (1,003,000).

Loan volumes amounted to SEK 123bn (118) and there was an increase in the three Baltic countries. Deposits increased slightly to SEK 108bn (106). Net interest income increased by 11 per cent year-on-year due to increased volumes and higher margins on new lending. Net fee and commission income was 15 per cent higher year-on-year as a result of overall increased customer activity where both card usage and payment volumes were higher. There was continued stable and strong asset quality, and the operating profit was 29 per cent higher year-on-year, excluding an item that affected profitability in the first quarter 2016 (page 5).

The real estate holding companies (RHC) held assets with a total book value of SEK 652m (837).

Life & Investment Management

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

Income statement

SEK m	Q2		Q1		Q2		Jan — Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Net interest income	-23	-19	21	-15	52	-42	-29	44	-60	
Net fee and commission income	1 116	1 043	7	931	20	2 159	1 848	17	4 059	
Net financial income	425	364	17	472	-10	789	839	-6	1 764	
Net other income	-2	14		36	-105	13	54	-77	-17	
Total operating income	1 517	1 403	8	1 424	7	2 920	2 712	8	5 746	
Staff costs	-394	-382	3	-404	-2	-776	-778	0	-1 560	
Other expenses	-235	-220	7	-258	-9	-456	-490	-7	-984	
Depreciation, amortisation and impairment of tangible and intangible assets	-9	-9	3	-11	-19	-18	-24	-26	-45	
Total operating expenses	-639	-611	5	-673	-5	-1 249	-1 292	-3	-2 589	
Profit before credit losses	878	792	11	751	17	1 670	1 420	18	3 157	
Gains less losses from tangible and intangible assets										
Net credit losses										
Operating profit	878	792	11	751	17	1 670	1 420	18	3 157	
Cost/Income ratio	0.42	0.44		0.47		0.43	0.48		0.45	
Business equity, SEK bn	11.0	11.0		11.6		11.0	11.6		11.6	
Return on business equity, %	27.4	24.7		22.4		26.1	21.2		23.5	
Number of full time equivalents ¹⁾	1 482	1 490		1 470		1 484	1 466		1 468	

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

- Strong inflow to range of products with sustainability focus
- Market share for life insurance in Sweden increased to 9.9 per cent
- Operating profit amounted to SEK 1,670m and return on business equity was 26.1 per cent.

Comments on the first six months

The interest in funds with a sustainability focus continued to grow in all customer segments. SEB's latest microfinance fund and a real estate fund aimed at institutional clients, were both launched and oversubscribed during the period. SEB's microfinance funds were highlighted by the Swedish government at the United Nations as an example of how Sweden is working to achieve the UN Sustainability Development Goals.

In Sweden, life insurance sales increased by 11 percent and SEB's market share increased to 9.9 per cent (8.7) (per 31 March – rolling 12 months). Sales for traditional insurance increased by 73 per cent, from SEK 1.5bn to 2.6bn. Sustainability was an increasingly important aspect also for life insurance customers and the mandates for SEB's pension funds were adjusted to integrate environmental and social aspects to an even higher degree. SEB's comprehensive pension funds for

customers who seek investment assistance have been complemented by an option for customers that seek a higher risk level. The funds were well received.

SEB Pension in Denmark was awarded the number one position in the Aalund Corporate Customer Survey the eighth time out of the last ten surveys.

A pan-Baltic insurance solution with advisory services was launched and a campaign aimed at increasing customer awareness of the importance of pension savings reached an estimated four million viewers in social media.

Net fee and commission income increased by 17 per cent due to a combination of higher market values and net new assets under management. Expenses decreased by 3 per cent thereby improving operating profit by 18 per cent.

In the unit-linked insurance business, total assets increased by SEK 14bn to SEK 334bn from year-end.

The SEB Group

Net interest income – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Interest income	9 209	8 918	3	8 752	5	18 127	17 641	3	35 202	
Interest expense	-4 296	-4 203	2	-4 105	5	-8 499	-8 358	2	-16 464	
Net interest income	4 913	4 716	4	4 647	6	9 628	9 283	4	18 738	

Net fee and commission income – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Issue of securities and advisory	430	282	52	211	104	713	361	97	800	
Secondary market and derivatives	765	692	11	1 012	-24	1 457	1 766	-17	3 353	
Custody and mutual funds	2 063	1 825	13	1 759	17	3 888	3 503	11	7 264	
<i>Whereof performance and transaction fees</i>	55	38	45	20	175	93	42	121	275	
Payments, cards, lending, deposits, guarantees and other	2 444	2 353	4	2 341	4	4 797	4 593	4	9 430	
<i>Whereof payments and card fees</i>	1 377	1 288	7	1 290	7	2 665	2 537	5	5 203	
<i>Whereof lending</i>	581	553	5	666	-13	1 134	1 241	-9	2 527	
Life insurance commissions	432	422	2	395	9	854	797	7	1 653	
Fee and commission income	6 135	5 574	10	5 738	7	11 709	11 020	6	22 500	
Fee and commission expense	-1 444	-1 306	11	-1 644	-12	-2 750	-3 049	-10	-5 872	
Net fee and commission income	4 691	4 268	10	4 094	15	8 959	7 971	12	16 628	
<i>Whereof Net securities commissions</i>	2 454	2 094	17	2 009	22	4 547	3 998	14	8 378	
<i>Whereof Net payments and card fees</i>	885	821	8	839	5	1 706	1 595	7	3 263	
<i>Whereof Net life insurance commissions</i>	282	267	6	250	13	549	495	11	1 039	

Net financial income – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
Equity instruments and related derivative	320	649	-51	276	16	969	48		1 173	
Debt securities and related derivatives	-183	-350	-48	112		-532	472		228	
Currency and related derivatives	868	1 367	-37	896	-3	2 235	1 693	32	3 699	
Other life insurance income, net	436	378	16	489	-11	814	858	-5	1 919	
Other	20	18	6	-55		38	32	19	37	
Net financial income	1 461	2 063	-29	1 718	-15	3 523	3 103	14	7 056	
<i>Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.</i>	-81	-61		-205	-60	-143	-358		-219	

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

For the second quarter the effect from structured products offered to the public was approximately SEK 195m (Q1 2017: 575, Q2 2016: 70) in Equity related derivatives and a corresponding effect in Debt related derivatives SEK -450m (Q1 2017: -95, Q2 2016: 5).

Net credit losses – SEB Group

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2017	2017	%	2016	%	2017	2016	%	2016	
<i>Provisions:</i>										
Net collective provisions for individually assessed loans	178	-133		-180		45	-67		-218	
Net collective provisions for portfolio assessed loans	17	-31		76	-78	-15	107		260	
Specific provisions	-499	-355	41	-51		-854	-494	73	-734	
Reversal of specific provisions no longer required	259	404	-36	67		664	192		338	
Net provisions for contingent liabilities	-8	-1				-9	-18	-49	43	
Net provisions	-54	-116	-54	-88	-39	-170	-280	-39	-311	
<i>Write-offs:</i>										
Total write-offs	-375	-168	124	-262	43	-543	-508	7	-1480	
Reversal of specific provisions utilized for write-offs	156	18		92	70	174	192	-9	584	
Write-offs not previously provided for	-219	-149	47	-170	29	-369	-316	17	-896	
Recovered from previous write-offs	59	61	-4	37	58	120	84	43	214	
Net write-offs	-161	-88	82	-133	21	-249	-232	7	-682	
Net credit losses	-214	-204	5	-221	-3	-419	-512	-18	-993	

Statement of changes in equity – SEB Group

SEK m	Other reserves ¹⁾								Total Equity
	Share capital	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Retained earnings	Total Shareholders' equity	Minority interests	
Jan-Jun 2017									
Opening balance	21 942	1 638	2 399	-1 193	2 595	113 595	140 976		140 976
Net profit						8 818	8 818		8 818
Other comprehensive income (net of tax)		-95	-659	37	1 444		727		727
Total comprehensive income		-95	-659	37	1 444	8 818	9 545		9 545
Dividend to shareholders						-11 935	-11 935		-11 935
Equity-based programmes ³⁾						-436	-436		-436
Change in holdings of own shares						208	208		208
Closing balance	21 942	1 543	1 740	-1 156	4 039	110 250	138 358		138 358
Jan-Dec 2016									
Opening balance	21 942	648	3 210	-1 943	4 470	114 471	142 798		142 798
Change in valuation of insurance contracts ²⁾						-440	-440		-440
Adjusted opening balance	21 942	648	3 210	-1 943	4 470	114 031	142 358		142 358
Net profit						10 618	10 618		10 618
Other comprehensive income (net of tax)		990	-811	750	-1 875		-946		-946
Total comprehensive income		990	-811	750	-1 875	10 618	9 672		9 672
Dividend to shareholders						-11 504	-11 504		-11 504
Equity-based programmes ³⁾						433	433		433
Change in holdings of own shares						17	17		17
Closing balance	21 942	1 638	2 399	-1 193	2 595	113 595	140 976		140 976
Jan-Jun 2016									
Opening balance	21 942	648	3 210	-1 943	4 470	114 471	142 798		142 798
Change in valuation of insurance contracts ²⁾						-440	-440		-440
Adjusted opening balance	21 942	648	3 210	-1 943	4 470	114 031	142 358		142 358
Net profit						2 225	2 225		2 225
Other comprehensive income (net of tax)		1 094	-26	452	-2 977		-1 457		-1 457
Total comprehensive income		1 094	-26	452	-2 977	2 225	768		768
Dividend to shareholders						-11 504	-11 504		-11 504
Equity-based programmes ³⁾						173	173		173
Change in holdings of own shares						133	133		133
Closing balance	21 942	1 742	3 184	-1 491	1 493	105 058	131 928		131 928

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 1 January 2016 is SEK -440m.

3) Number of shares owned by SEB:

	Jan-Jun 2017	Jan-Dec 2016	Jan-Jun 2016
Number of shares owned by SEB, million	2017	2016	2016
Opening balance	25.2	0.9	0.9
Repurchased shares for equity-based programmes	7.0	29.8	29.5
Sold/distributed shares	-4.4	-5.5	-3.5
Closing balance	27.7	25.2	26.9

Market value of shares owned by SEB, SEK m

	2 827	2 406	1 960
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In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year. The acquisition cost for the purchase of own shares is deducted from shareholders' equity. The item includes changes in nominal amounts of equity swaps used for hedging of equity-based programmes.

Cash flow statement – SEB Group

SEK m	Jan–Jun			Full year
	2017	2016	%	2016
Cash flow from operating activities	86 727	56 253	54	42 591
Cash flow from investment activities	176	797	- 78	852
Cash flow from financing activities	- 7 656	- 10 499	- 27	- 2 198
Net increase in cash and cash equivalents	79 247	46 551	70	41 245
Cash and cash equivalents at the beginning of year	158 315	110 770	43	110 770
Exchange rate differences on cash and cash equivalents	- 3 369	2 203		6 300
Net increase in cash and cash equivalents	79 247	46 551	70	41 245
Cash and cash equivalents at the end of period¹⁾	234 193	159 524	47	158 315

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

Financial assets and liabilities – SEB Group

SEK m	30 Jun 2017		31 Dec 2016		30 Jun 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 844 885	1 853 409	1 704 291	1 715 801	1 680 385	1 697 964
Equity instruments	89 509	89 509	74 173	74 173	93 653	93 653
Debt securities	286 255	286 452	253 443	253 653	286 008	286 165
Derivative instruments	179 038	179 038	212 355	212 355	245 765	245 765
Financial assets–policyholders bearing the risk	308 995	308 995	295 908	295 908	272 966	272 966
Other	22 673	22 673	38 942	38 942	55 029	55 029
Financial assets	2 731 355	2 740 076	2 579 112	2 590 832	2 633 806	2 651 542
Deposits	1 251 963	1 257 629	1 045 056	1 046 864	1 081 745	1 080 239
Equity instruments	12 251	12 251	10 071	10 071	13 124	13 124
Debt securities issued	731 661	739 502	755 984	768 613	764 458	761 825
Derivative instruments	149 351	149 351	174 651	174 651	205 399	205 399
Liabilities to policyholders–investment contracts	309 718	309 718	296 618	296 618	273 769	273 769
Other	40 424	40 424	60 297	60 297	65 703	65 703
Financial liabilities	2 495 368	2 508 875	2 342 677	2 357 114	2 404 198	2 400 059

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

Assets and liabilities measured at fair value – SEB Group

SEK m	30 Jun 2017				31 Dec 2016			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Financial assets - policyholders bearing the risk	285 875	17 899	5 221	308 995	275 894	15 589	4 425	295 908
Equity instruments at fair value	64 159	13 691	12 101	89 951	50 331	13 215	11 101	74 647
Debt instruments at fair value	133 012	137 552	1 720	272 284	102 894	133 664	1 779	238 337
Derivative instruments at fair value	1 214	171 814	6 010	179 038	2 593	201 621	8 141	212 355
Investment properties			6 872	6 872			7 401	7 401
Assets held for sale		200		200		587		587
Total	484 260	341 156	31 924	857 340	431 712	364 676	32 847	829 235
Liabilities								
Liabilities to policyholders - investment contracts	286 495	18 011	5 213	309 719	276 666	15 542	4 410	296 618
Equity instruments at fair value	12 030		221	12 251	9 798	2	271	10 071
Debt instruments at fair value	23 713	41 427		65 140	7 027	33 514		40 541
Derivative instruments at fair value	1 982	144 204	3 165	149 351	2 808	168 207	3 636	174 651
Other financial liabilities		18 187		18 187		19 225		19 225
Total	324 220	221 829	8 599	554 648	296 299	236 490	8 317	541 106

Fair value measurement

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

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

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

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

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

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2016. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Level 1: Quoted market prices

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

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

Level 2: Valuation techniques with observable inputs

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

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

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

Level 3: Valuation techniques with significant unobservable inputs

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

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

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

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. No significant transfers or reclassifications have occurred during the first six months of 2017.

Changes in level 3	Closing	Gain/loss in	Gain/loss in	Purchases	Sales	Issues	Settlements	Transfers	Transfers	Exchange	Closing
	balance										Income
	31 Dec	statement	compre-					Level 3	Level 3	differences	30 Jun
	2016		hensive								2017
Assets											
Financial assets - policyholders bearing the risk	4 425	22		4 464	-3 721					31	5 221
Equity instruments at fair value	11 101	-516	57	2 624	-1 249			27		57	12 101
Debt instruments at fair value	1 779	-93		124	-96					6	1 720
Derivative instruments at fair value	8 141	-2 219		47	-30		30			41	6 010
Investment properties	7 401	96		1	-672					46	6 872
Total	32 847	-2 710	57	7 260	-5 768	0	30	27	0	181	31 924
Liabilities											
Liabilities to policyholders - investment contracts	4 410	22		4 458	-3 709					32	5 213
Equity instruments at fair value	271	18		-68						0	221
Debt instruments at fair value											
Derivative instruments at fair value	3 636	-745		170			86			18	3 165
Total	8 317	-705	0	4 560	-3 709	0	86	0	0	50	8 599

Sensitivity of Level 3 assets and liabilities to unobservable inputs

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

SEK m	30 Jun 2017				31 Dec 2016			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾²⁾⁴⁾	712	-904	-192	44	780	-940	-160	49
Equity instruments ³⁾⁶⁾	1 317	-221	1 096	216	1 441	-271	1 170	229
Insurance holdings - Financial instruments ⁴⁾⁵⁾⁷⁾	17 446	-2 262	15 184	1 870	18 477	-2 695	15 782	1 807
Insurance holdings - Investment properties ⁶⁾⁷⁾	6 872		6 872	687	7 401		7 401	740

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

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

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

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

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

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

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

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
30 Jun 2017								
Derivatives	182 846	-4 615	178 231	-99 117	-48 439	30 675	807	179 038
Reversed repo receivables	150 332	-38 650	111 682	-31 635	-79 599	448	239	111 921
Securities borrowing	27 590		27 590	-5 451	-22 139		14 027	41 617
Client receivables	4 046	-4 046	0			0	18 928	18 928
Assets	364 813	-47 310	317 503	-136 202	-150 177	31 123	34 001	351 504
Derivatives	152 333	-4 615	147 718	-99 117	-45 849	2 752	1 633	149 351
Repo payables	70 529	-38 650	31 880	-31 635		245		31 880
Securities lending	24 577		24 577	-5 451	-10 167	8 959	1 260	25 836
Client payables	4 046	-4 046	0				18 345	18 345
Liabilities	251 484	-47 310	204 174	-136 202	-56 015	11 956	21 238	225 412
31 Dec 2016								
Derivatives	215 367	-4 447	210 920	-123 698	-34 841	52 381	1 435	212 355
Reversed repo receivables	99 828	-35 332	64 496	-682	-63 612	202	1	64 497
Securities borrowing	25 265		25 265	-7 616	-17 649		5 525	30 790
Client receivables	43	-42	1			1	5 861	5 862
Assets	340 503	-39 821	300 682	-131 996	-116 102	52 584	12 822	313 504
Derivatives	176 773	-4 447	172 326	-123 698	-31 547	17 081	2 325	174 651
Repo payables	36 926	-35 332	1 594	-682	-795	117		1 594
Securities lending	25 155		25 155	-7 616	-8 765	8 774	6	25 161
Client payables	42	-42					7 044	7 044
Liabilities	238 896	-39 821	199 075	-131 996	-41 107	25 972	9 375	208 450
30 Jun 2016								
Derivatives	248 507	-4 558	243 949	-145 245	-42 988	55 716	1 817	245 766
Reversed repo receivables	143 480	-12 020	131 460	-17 669	-113 599	192	3	131 463
Securities borrowing	29 528		29 528	-6 785	-22 743		5 276	34 804
Client receivables	9 363	-9 362	1			1	22 451	22 452
Assets	430 878	-25 940	404 938	-169 699	-179 330	55 909	29 547	434 485
Derivatives	208 665	-4 558	204 107	-145 245	-38 926	19 936	1 292	205 399
Repo payables	35 181	-12 020	23 161	-17 669	-5 492			23 161
Securities lending	33 108		33 108	-6 785	-20 835	5 488	9	33 117
Client payables	9 362	-9 362					15 729	15 729
Liabilities	286 316	-25 940	260 376	-169 699	-65 253	25 424	17 030	277 406

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

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

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

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

Non-performing loans – SEB Group

	30 Jun	31 Dec	30 Jun
SEK m	2017	2016	2016
Individually assessed loans			
Impaired loans	5 328	5 037	5 015
Specific reserves	- 1 908	- 1 928	- 2 191
Collective reserves	- 1 493	- 1 539	- 1 379
Impaired loans net	1 928	1 570	1 445
Specific reserve ratio for individually assessed impaired loans	35.8%	38.3%	43.7%
Total reserve ratio for individually assessed impaired loans	63.8%	68.8%	71.2%
Net level of impaired loans	0.21%	0.21%	0.18%
Gross level of impaired loans	0.33%	0.33%	0.33%
Portfolio assessed loans			
Loans past due > 60 days	2 477	2 597	2 791
Restructured loans	11	9	202
Collective reserves for portfolio assessed loans	- 1 338	- 1 322	- 1 455
Reserve ratio for portfolio assessed loans	53.8%	50.7%	48.6%
Non-performing loans¹⁾			
Non-performing loans	7 817	7 643	8 008
NPL coverage ratio	61.3%	63.2%	64.1%
NPL per cent of lending	0.49%	0.51%	0.52%

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

Reserves

Specific reserves	- 1 908	- 1 928	- 2 191
Collective reserves	- 2 831	- 2 861	- 2 834
Reserves for off-balance sheet items	- 54	- 44	- 105
Total reserves	- 4 792	- 4 833	- 5 130

Seized assets – SEB Group

	30 Jun	31 Dec	30 Jun
SEK m	2017	2016	2016
Properties, vehicles and equipment	452	417	938
Shares	43	46	44
Total seized assets	495	463	982

Assets and liabilities held for sale – SEB Group

	30 Jun	31 Dec	30 Jun
SEK m	2017	2016	2016
Other assets	376	587	542
Total assets held for sale	376	587	542
Other liabilities			
Total liabilities held for sale	0	0	0

The Baltic division has a divestment plan for investment properties. During the second 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 second quarter was SEK -110m.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Own funds			
Common Equity Tier 1 capital	116 813	114 419	110 074
Tier 1 capital	135 945	129 157	124 135
Total own funds	158 495	151 491	138 239
Own funds requirement			
Risk exposure amount	616 523	609 959	587 590
Expressed as own funds requirement	49 322	48 797	47 007
Common Equity Tier 1 capital ratio	18.9%	18.8%	18.7%
Tier 1 capital ratio	22.1%	21.2%	21.1%
Total capital ratio	25.7%	24.8%	23.5%
Own funds in relation to own funds requirement	3.21	3.10	2.94
Regulatory Common Equity Tier 1 capital requirement including buffer	10.9%	10.7%	10.6%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	3.0%	3.0%
of which countercyclical capital buffer requirement	0.9%	0.7%	0.6%
Common Equity Tier 1 capital available to meet buffer ¹⁾	14.4%	14.3%	14.2%
Transitional floor 80% of capital requirement according to Basel I			
Minimum floor own funds requirement according to Basel I	88 141	86 884	82 823
Own funds according to Basel I	159 126	151 814	138 188
Own funds in relation to own funds requirement Basel I	1.81	1.75	1.67
Leverage ratio			
Exposure measure for leverage ratio calculation	2 742 940	2 549 149	2 642 640
of which on balance sheet items	2 321 268	2 120 587	2 236 420
of which off balance sheet items	421 672	428 562	406 220
Leverage ratio	5.0%	5.1%	4.7%

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%.

Internally assessed capital requirement

As per 30 June 2017, the internally assessed capital requirement including insurance risk amounted to SEK 64bn (63). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish Financial Supervisory Authority due to differences in assumptions and methodologies.

Own funds for SEB consolidated situation

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Shareholders equity according to balance sheet ¹⁾	138 358	140 976	131 928
Deductions related to the consolidated situation and other foreseeable charges	-8 714	-14 303	-7 893
Common Equity Tier 1 capital before regulatory adjustments ²⁾	129 644	126 673	124 035
Additional value adjustments	-738	-1 169	-1 546
Intangible assets	-6 938	-6 835	-6 769
Deferred tax assets that rely on future profitability	-167	-208	-510
Fair value reserves related to gains or losses on cash flow hedges	-1 740	-2 400	-3 185
Negative amounts resulting from the calculation of expected loss amounts	-737	-381	-125
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	72	-115	-263
Defined-benefit pension fund assets	-2 348	-920	-1 378
Direct and indirect holdings of own CET1 instruments	-204	-191	-146
Securitisation positions with 1,250% risk weight	-30	-35	-39
Total regulatory adjustments to Common Equity Tier 1	-12 830	-12 254	-13 961
Common Equity Tier 1 capital	116 813	114 419	110 074
Additional Tier 1 instruments	14 321	9 959	9 346
Grandfathered additional Tier 1 instruments	4 811	4 779	4 715
Tier 1 capital	135 945	129 157	124 135
Tier 2 instruments	25 019	24 851	16 503
Net provisioning amount for IRB-reported exposures	106	58	176
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
Tier 2 capital	22 550	22 334	14 104
Total own funds	158 495	151 491	138 239

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

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

Risk exposure amount for SEB consolidated situation

SEK m	30 Jun 2017		31 Dec 2016		30 Jun 2016	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to central governments or central banks	9 160	733				
Exposures to institutions	30 329	2 426	26 254	2 100	27 004	2 160
Exposures to corporates	332 217	26 577	335 413	26 833	322 539	25 803
Retail exposures	56 546	4 524	55 617	4 449	54 219	4 338
of which secured by immovable property	35 317	2 825	34 079	2 726	33 626	2 690
of which retail SME	4 213	337	4 723	378	3 825	306
of which other retail exposures	17 016	1 361	16 815	1 345	16 768	1 342
Securitisation positions	1 833	147	3 066	246	3 440	275
Total IRB approach	430 085	34 407	420 350	33 628	407 202	32 576
Credit risk standardised approach						
Exposures to central governments or central banks	763	61	1 801	144	1 538	123
Exposures to regional governments or local authorities			51	4	53	4
Exposures to public sector entities	7	1	29	2	7	1
Exposures to institutions	1 125	90	1 316	105	949	76
Exposures to corporates	17 651	1 412	16 422	1 314	16 507	1 321
Retail exposures	16 159	1 293	16 186	1 295	15 849	1 268
Exposures secured by mortgages on immovable property	3 457	277	3 803	304	3 696	296
Exposures in default	386	31	384	31	438	35
Exposures associated with particularly high risk	1 294	104	1 477	118	1 447	115
Securitisation positions	218	17	216	17	213	16
Exposures in the form of collective investment undertakings (CIU)	39	3	66	5	58	5
Equity exposures	1 723	138	2 119	170	2 097	168
Other items	7 609	609	8 880	711	6 460	516
Total standardised approach	50 431	4 034	52 750	4 220	49 312	3 944
Market risk						
Trading book exposures where internal models are applied	26 539	2 123	30 042	2 403	27 380	2 190
Trading book exposures applying standardised approaches	13 147	1 052	9 398	752	11 201	896
Foreign exchange rate risk	4 872	390	3 773	302	4 569	366
Total market risk	44 558	3 565	43 213	3 457	43 150	3 452
Other own funds requirements						
Operational risk advanced measurement approach	46 901	3 752	47 901	3 832	47 482	3 799
Settlement risk	1	0	0	0	0	0
Credit value adjustment	6 510	521	7 818	625	7 939	635
Investment in insurance business	16 633	1 331	16 633	1 331	16 633	1 331
Other exposures	5 611	449	6 547	524	5 260	421
Additional risk exposure amount ²⁾	15 793	1 263	14 747	1 180	10 612	849
Total other own funds requirements	91 448	7 316	93 646	7 492	87 926	7 035
Total	616 523	49 322	609 959	48 797	587 590	47 007

¹⁾ Own funds requirement 8% of risk exposure amount according to the Capital Requirements Regulation

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

Change in risk exposure amount (REA)

REA increased by SEK 6.5bn since year-end 2016 driven by credit risk. Credit volumes increased somewhat from year-end contributing to higher REA, however partly offset by foreign exchange movements. Also contributing to higher credit risk REA in the second quarter was SFSA's requirement that all Swedish IRB banks shall use the IRB approach for sovereigns and municipalities, (i.e. central governments and central banks).

The Additional REA that was established in 2015 in agreement with the SFSA as a measure of prudence, increased by SEK 1.0bn to SEK 15.8bn.

SEK bn	30 Jun 2017
Balance 31 Dec 2016	610
Asset size	7
Asset quality	-2
Foreign exchange movements	-6
Model updates, methodology & policy, other	8
Underlying market and operational risk changes	-1
Balance 30 Jun 2017	617

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)	30 Jun 2017	31 Dec 2016	30 Jun 2016
Average risk-weight			
Exposures to central governments or central banks	2.3%		
Exposures to institutions	25.2%	25.1%	27.3%
Exposures to corporates	31.5%	31.4%	32.0%
Retail exposures	9.8%	9.9%	9.8%
of which secured by immovable property	6.9%	6.9%	6.9%
of which retail SME	80.6%	73.4%	69.9%
of which other retail exposures	28.2%	28.0%	27.9%
Securitisation positions	38.1%	50.6%	49.8%

Skandinaviska Enskilda Banken AB (publ.)

Income statement – Skandinaviska Enskilda Banken AB (publ.)

In accordance with FSA regulations	Q2			Q1		Q2		Jan–Jun			Full year
SEK m	2017	2017	%	2016	%	2017	2016	%	2016		
Interest income	8 264	7 861	5	7 086	17	16 125	14 332	13	29 022		
Leasing income	1 379	1 345	3	1 365	1	2 724	2 716	0	5 443		
Interest expense	-4 620	-4 391	5	-3 644	27	-9 011	-7 401	22	-15 223		
Dividends	2 792	1 964	42	3 518	-21	4 756	5 060	-6	6 581		
Fee and commission income	3 276	2 951	11	2 811	17	6 227	5 652	10	11 648		
Fee and commission expense	- 697	- 674	3	- 533	31	-1 372	-1 300	6	-2 805		
Net financial income	989	1 467	-33	1 119	-12	2 456	1 944	26	4 642		
Other income	330	245	34	153	116	575	389	48	817		
Total operating income	11 713	10 767	9	11 875	-1	22 480	21 392	5	40 125		
Administrative expenses	-3 682	-3 650	1	-3 943	-7	-7 332	-7 469	-2	-15 039		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 346	-1 315	2	-1 639	-18	-2 661	-3 151	-16	-5 775		
Total operating expenses	-5 028	-4 965	1	-5 582	-10	-9 993	-10 620	-6	-20 814		
Profit before credit losses	6 685	5 802	15	6 293	6	12 488	10 772	16	19 311		
Net credit losses	-189	-72	163	-233	-19	-261	-354	-26	-789		
Impairment of financial assets ¹⁾	-48	-47	2	-890	-95	-95	-3 577	-97	-3 841		
Operating profit	6 448	5 683	13	5 170	25	12 131	6 841	77	14 681		
Appropriations	360	505	-29	347	4	866	343	152	2 437		
Income tax expense	-935	-1 049	-11	-475	97	-1 984	-1 113	78	-2 877		
Other taxes	4	20	-78	27	-84	24	9	165	137		
Net profit	5 878	5 159	14	5 069	16	11 037	6 080	82	14 378		

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

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

	Q2			Q1		Q2		Jan–Jun			Full year
SEK m	2017	2017	%	2016	%	2017	2016	%	2016		
Net profit	5 878	5 159	14	5 069	16	11 037	6 080	82	14 378		
<i>Items that may subsequently be reclassified to the income statement:</i>											
Available-for-sale financial assets	-115	75		1 059		-40	1 114		1 130		
Cash flow hedges	-309	-351	-12	-216	43	-660	-26		-811		
Translation of foreign operations	-27	25		12		-2	25		25		
Other comprehensive income (net of tax)	-451	-251	80	855		-702	1 113		344		
Total comprehensive income	5 427	4 908	11	5 924	-8	10 335	7 193	44	14 722		

Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

Condensed SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Cash and cash balances with central banks	197 212	70 671	125 867
Loans to credit institutions	220 007	287 059	200 042
Loans to the public	1 235 540	1 172 095	1 175 997
Financial assets at fair value	348 921	322 195	413 255
Available-for-sale financial assets	11 756	12 063	12 564
Investments in associates	948	1 025	862
Shares in subsidiaries	50 816	50 611	49 881
Tangible and intangible assets	37 407	37 186	39 399
Other assets	51 356	46 939	59 716
Total assets	2 153 963	1 999 844	2 077 583
Deposits from credit institutions	188 917	168 852	232 065
Deposits and borrowing from the public ¹⁾	899 431	782 584	759 226
Debt securities	644 991	664 186	654 841
Financial liabilities at fair value	186 535	172 678	218 562
Other liabilities	67 774	47 610	63 309
Provisions	108	80	141
Subordinated liabilities	44 940	40 719	32 242
Untaxed reserves	21 760	21 761	23 466
Total equity	99 506	101 374	93 731
Total liabilities, untaxed reserves and shareholders' equity	2 153 962	1 999 844	2 077 583
1) Private and SME deposits covered by deposit guarantee	183 940	177 381	176 684
Private and SME deposits not covered by deposit guarantee	123 656	127 507	118 643
All other deposits	591 836	477 696	463 900
Total deposits from the public	899 431	782 584	759 226

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

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Pledged assets for own liabilities	397 684	392 227	397 273
Other pledged assets	160 636	152 317	144 083
Pledged assets	558 320	544 544	541 356
Contingent liabilities	98 511	97 642	90 310
Commitments	494 436	468 953	456 637
Contingent liabilities and commitments	592 947	566 595	546 947

Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	30 Jun 2017	31 Dec 2016	30 Jun 2016
Own funds			
Common Equity Tier 1 capital	101 651	97 144	96 401
Tier 1 capital	120 783	111 882	110 462
Total own funds	143 227	134 384	124 821
Own funds requirement			
Risk exposure amount	513 076	515 826	496 116
Expressed as own funds requirement	41 046	41 266	39 689
Common Equity Tier 1 capital ratio	19.8%	18.8%	19.4%
Tier 1 capital ratio	23.5%	21.7%	22.3%
Total capital ratio	27.9%	26.1%	25.2%
Own funds in relation to capital requirement	3.49	3.26	3.14
Regulatory Common Equity Tier 1 capital requirement including buffers	8.1%	7.9%	7.9%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	1.1%	0.9%	0.9%
Common Equity Tier 1 capital available to meet buffers ¹⁾	15.3%	14.3%	14.9%

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

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

Definitions - Alternative Performance Measures*

Items affecting comparability

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

Operating profit

Total profit before tax.

Return on equity

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

Return on equity excluding items affecting comparability

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

Return on business equity

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

Return on total assets

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

Return on risk exposure amount

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

Cost/income ratio

Total operating expenses in relation to total operating income.

Cost/income ratio excluding items affecting comparability

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

Basic earnings per share

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

Diluted earnings per share

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

Net worth per share

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

Equity per share

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

Credit loss level

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

Gross level of impaired loans

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

Net level of impaired loans

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

Specific reserve ratio for individually assessed impaired loans

Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans

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

Reserve ratio for portfolio assessed loans

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

Non-performing loans (NPL)

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

NPL coverage ratio

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

NPL per cent of lending

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

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

The excel file Alternative Performance Measures, available on sebgroupp.com/ir, provides information on how the measures are calculated.

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

²⁾ Average, calculated on a daily basis.

Definitions

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

Risk exposure amount

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

Common Equity Tier 1 capital

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

Tier 1 capital

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

Tier 2 capital

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Leverage ratio

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

Liquidity Coverage Ratio (LCR)

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

This is SEB

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

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