Interim Report

January–September 2016

STOCKHOLM 20 OCTOBER 2016

"The low interest rates and market uncertainty continued to impact customer behaviour. Business development in the Nordic countries – less affected by global trends – was solid with large corporate customer activity picking up towards the end of the quarter."

Annika Falkengren

Result excluding one-off items*

First nine months 2016

(Compared with the first nine months 2015)

- Operating income SEK 31.6bn (33.4), operating expenses SEK 16.1bn (16.3) and operating profit SEK 14.7bn (16.3).
- Net credit losses SEK 709m (664). Credit loss level 0.07 per cent (0.06).
- Return on equity 11.2 per cent (12.8).

Third quarter 2016

(Compared with the second quarter 2016)

- Operating income SEK 10.8bn (10.6), operating expenses SEK 5.4bn (5.3) and operating profit SEK 5.2bn (5.0).
- Net credit losses SEK 197m (221). Credit loss level 0.05 per cent (0.06).
- Return on equity 11.8 per cent (11.9).

**See box on page 5 for information on one-off items.*

Reported result

First nine months 2016

(Compared with the first nine months 2015)

- Operating income SEK 32.2bn (32.5), operating expenses SEK 22.1bn (16.3), operating profit SEK 9.3bn (15.4) and net profit SEK 6.4bn (12.0).
- Net credit losses SEK 709m (664). Credit loss level 0.07 per cent (0.06).
- Return on equity 6.3 per cent (11.9) and earnings per share SEK 2.92 (5.47).

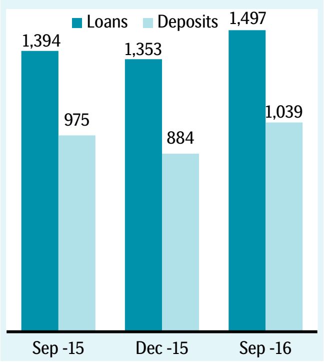
Third quarter 2016

(Compared with the second quarter 2016)

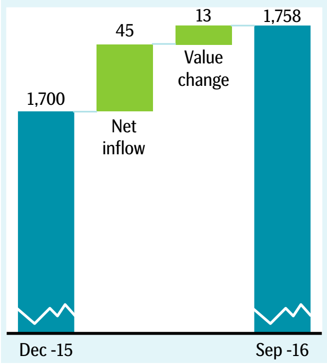
- Operating income SEK 10.8bn (11.1), operating expenses SEK 5.4bn (5.3) and operating profit SEK 5.2bn (5.5).
- Net credit losses SEK 197m (221). Credit loss level 0.05 per cent (0.06).
- Return on equity 12.3 per cent (14.0) and earnings per share SEK 1.91 (2.07).

Volumes and key ratios

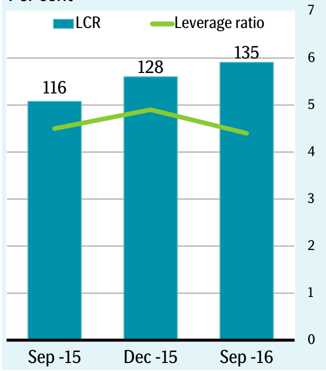
Loans and deposits to/from the public
SEK bn



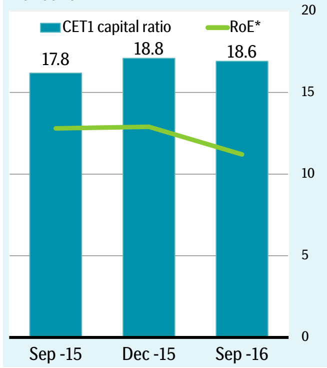
Assets under management
SEK bn



Liquidity coverage & Leverage ratios
Per cent



CET 1 capital ratio/Return on equity
Per cent



* Year-to-date, excl. one-off items

President's comment

It is often said and it needs to be repeated. These are exceptional times. We are seeing elevated political uncertainty in many countries as well as on a global level. The unconventional monetary policy with negative interest rates and quantitative easing – in Europe and Japan amounting to USD 175bn per month – seems to be prolonged. The regulatory environment is still uncertain. All in all, this is hampering a more efficient allocation of capital and we still only see a gradual acceleration of growth in the world economy. Following the high market volatility and sharp drop in equity prices directly after the Brexit vote, equity markets turned up again in the recent quarter. We now know that formal talks on Brexit will be initiated before March next year, but it is still far too early to draw any conclusions about the medium and long-term economic effects as seen by continued market uncertainty.

A Nordic corporate bank with a strong position

SEB can support its customers also in times of uncertainty. In the third quarter, customers' need for advisory and risk management services continued to increase as well as demand for corporate and household lending. Underlying profit increased between the second and third quarter by 4 per cent.

Looking at the first nine months of the year, negative interest rates and the cautious business and investment sentiment contributed to lower net interest income as well as lower net fee and commission income, while net financial income increased. In SEB we know our customers well and asset quality remained high with a credit loss level of 7 basis points. SEB's underlying operating profit for the first nine months, excluding both positive and negative one-off effects, reached SEK 14.7bn and a return on equity of 11.2 per cent.

The Common Equity Tier 1 capital ratio (CET1) was 18.6 per cent. The Supervisory Review and Evaluation Process (SREP) performed by the Swedish FSA, confirms that the surcharge for increased risk weights for corporate exposures and maturity floor for these exposures is 0.8 per cent. Based on our own assessment of the CET 1 requirement at 16.1 per cent, the total requirement translates into a total of 16.9 per cent.

Higher customer activity despite continued market uncertainty

Business development in the Nordic countries – less affected by the global trends – was solid with large corporate customer activity picking up towards the end of the quarter. Institutional customer activity was characterised by uncertainty, reduced risk appetite with clients hedging risks and lower activity levels following lower volatility and uncertainty about central banks' actions.

In Sweden, domestically focused companies continued to show a growing willingness to invest. SEB continued to support our customers in financing infrastructure investments. We have grown the number of full-service corporate customers by close to 40 per cent over the last five years. Challenging demographic development and low overall confidence in pension systems increase the need for savings ahead of retirement. SEB has as the only Swedish bank a holistic savings offering with also traditional insurance in the occupational pension area. In the third quarter, equity markets rebounced, risk aversion among private customers changed and net inflows of assets under management amounted to SEK 24bn.

In the Baltic countries, activity among corporate and private customers continued to increase, especially in Lithuania.

Digitisation drives new ways of working and services including pilot with virtual AI agent

Digitisation rapidly changes customer behaviours while promoting new ways of working and increased efficiency. In Sweden, mobile interactions are four times as high as internet banking interactions. In the Baltic countries, we recently launched a new on-line account opening for corporate customers. As the first bank we are piloting a virtual agent, Amelia, in our internal IT-support, who uses artificial intelligence to learn, have a dialogue and conduct matters in a human way. She is now learning Swedish so we can use her in our domestic customer support.

To us in SEB it was a hallmark to be included in the Dow Jones Sustainability Index as the only Nordic bank. It reflects our approach to take a long-term perspective in everything we do and integrating sustainability in our business.

The Group

Third quarter isolated

The operating profit amounted to SEK 5,229m (5,536) and *net profit (after tax)* amounted to SEK 4,149m (4,519). Excluding a one-off item in the second quarter, operating profit increased by SEK 213m, or 4 per cent (see item 1 in the box on page 5).

Operating income

Total operating income amounted to SEK 10,795m (11,136). Excluding the one-off item in the second quarter, operating income increased by SEK 179m.

Net interest income, which amounted to SEK 4,657m, was stable compared with both the previous quarter (4,647) and year-on-year. Both the Swedish repo rate and the ECB Euro refinancing interest rate were unchanged, at -0.5 and zero per cent, respectively.

SEK m	Q3 2016	Q2 2016	Q3 2015
Customer-driven NII	5 051	5 022	4 640
NII from other activities	-394	-375	43
Total	**4 657**	**4 647**	**4 683**

Customer-driven net interest income increased by SEK 29m compared to the second quarter. On the lending side, volumes and margins had a combined positive effect of SEK 200m. This was counteracted by deposit-related net interest income where in particular margins decreased, a total decrease of SEK 170m.

Net interest income from other activities decreased by SEK 19m compared to the second quarter. Regulatory fees, including resolution and deposit guarantee fees, amounted to SEK 349m (354).

Net fee and commission income amounted to SEK 4,048m (4,074). In general, the uncertain macro environment has affected the activity levels. The stock markets, however, rebounded somewhat during the third quarter, leading to an increase by SEK 52m of fee income relating to assets under management and custody compared to the second quarter. Performance and transaction fees amounted to SEK 21m (20). Net commissions relating to the life insurance business amounted to SEK 268m (250). Card and payment fees increased somewhat compared to the second quarter, but year-on-year card fees were lower due to the regulatory cap on interchange fees.

Net financial income increased by 11 per cent to SEK 1,915m during the quarter (1,718). The net unrealised valuation adjustment from counterparty risk (CVA) and own credit (DVA) in derivatives as well as issued structured bonds (OCA), was SEK -84m (-205). Market valuations and volatility had a positive effect in the liquidity management operations. Net financial income relating to the traditional life insurance operations in Sweden and Denmark amounted to SEK 512m (489).

Net other income amounted to SEK 175m (697). Realised capital gains and unrealised valuation and hedge accounting effects were included in this line item. A one-off item in the second quarter affected comparisons (see item 1 in the box on page 5).

Operating expenses

Total operating expenses were largely unchanged and amounted to SEK 5,355m (5,332), well within the cost cap of SEK 22bn for the full year 2016.

Credit losses and provisions

Net credit losses amounted to SEK 197m (221). The credit loss level was 5 basis points (6).

Income tax expense

Total *income tax expense* was SEK 1,080m (1,017). The effective tax rate for the third quarter was 20.6 per cent.

Other comprehensive income

The *other comprehensive income* amounted to SEK -714m (886).

The value of the pension plan assets exceeded the defined benefit obligations. The discount rate for the total pension obligation in Sweden was changed to 1.9 per cent (2.5) and in Germany to 1.2 per cent (1.4). The result of the revaluation was that the total defined benefit obligation increased more than the market value of the pension plan assets. The net value change booked in other comprehensive income was therefore SEK -781m.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was positive in the amount of SEK 67m (758).

Comparative numbers (in parenthesis):
The quarterly result is compared to the previous quarter.
The year-to-date result is compared to the corresponding period 2015.
Business volumes are compared to year-end 2015, unless otherwise stated.

The first nine months – excluding one-off items

The table below shows the operating profit for the first nine months 2016 and 2015, excluding the following one-off items that affect comparability between periods:

1. *Second quarter 2016: The settlement of the transaction of SEB's Baltic holdings in Visa Europe resulted in a one-off gain of SEK 520m accounted for as net other income. The gain generated a tax expense of SEK 24m. Read more on page 8.*
2. *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 expenses. This expense was not tax deductible.*
3. *First quarter 2016: One-off financial effects from restructuring activities in the Baltic and German businesses and a write-down (derecognition) of intangible IT-assets no longer in use were booked. In total, these items affected operating expenses by SEK 615m and there was a positive tax effect amounting to SEK 101m.*
4. *Second quarter 2015: The Swiss Supreme Court denied SEB's application for a refund of withholding tax dating back to the years 2006 through 2008. This led to a decrease of net financial income in the amount of SEK 820m and an additional interest expense of SEK 82m. There was no tax effect.*

	Jan–Sep		Change
SEK m	**2016**	**2015**	*%*
Total operating income	31 633	33 385	*-5*
Total operating expenses	-16 103	-16 324	*-1*
Profit before credit losses	**15 530**	**17 061**	*-9*
Net credit losses etc	-792	-799	*-1*
Operating profit	**14 738**	**16 262**	*-9*

The first nine months

The operating profit amounted to SEK 9,309m (15,360) and net *profit (after tax)* amounted to SEK 6,374m (11,980).

Operating income

Total operating income amounted to SEK 32,153m (32,483).

Net interest income amounted to SEK 13,940m (14,261). The Swedish repo rate has been -0.50 per cent and ECB's Euro refinancing interest rate has been zero since the first quarter this year.

	Jan–Sep		Change
SEK m	**2016**	**2015**	*%*
Customer-driven NII	15 040	13 799	*9*
NII from other activities	-1 100	462	
Total	**13 940**	**14 261**	*-2*

Customer-driven net interest income increased by SEK 1,241m compared to the first nine months 2015. Lending related net interest income increased by SEK 782m, where SEK 234m was due to higher volumes and SEK 548m was a margin effect. In the prevailing negative interest rate environment, the bank has supported the divisions' intake of customer deposits. Hence, customer deposit-related net interest income increased by SEK 458m. The effect from deposit volumes was SEK -14m.

Net interest income from other activities decreased by SEK 1,562m compared to the first nine months 2015. A one-off item in 2015 affected comparison (see item 4 in the box). Year-on-year, the lower interest rate levels led to a reduction of net interest income by approximately SEK 700m. Regulatory fees, including resolution and deposit guarantee fees, amounted to SEK 1,031m, and were SEK 169m higher than the first nine months 2015.

Net fee and commission income decreased by 14 per cent to SEK 12,019m (13,950). Assets under management and custody fees decreased in the wake of the negative development in the stock markets, particularly in the beginning of 2016, with lower market value of assets under management. In particular, performance and transaction fees decreased and amounted to SEK 63m (528). As communicated in previous quarters, there has been a need to reduce seasonality in balance sheet usage, in line with the new regulatory liquidity framework. This led to reduced stock lending activities and significantly lower related fee income for the first nine months. Card fees decreased by an estimated SEK 360m due to the regulatory cap on interchange fees. Net commissions relating to the life insurance business amounted to SEK 763m (873).

Net financial income increased by 30 per cent to SEK 5,018m (3,855), driven primarily by higher customer activity. The comparison to 2015 is however impacted by a one-off item in 2015 that was not customer activity related (see item 4 in the box). Net financial income was largely driven by customers who were active seeking risk management services throughout the nine months. Net financial income relating to the traditional life insurance operations in Sweden and Denmark also increased, by SEK 464m year-on-year to SEK 1,370m. This was counteracted by net negative valuation adjustments from counterparty risk (CVA) and own credit risk (DVA) in derivatives as well as issued structured bonds (OCA), amounting to SEK -442m. In 2015 this item was positive in the amount of SEK 482m, resulting in a negative change of SEK 924m year-on-year.

Net other income amounted to SEK 1,176m (417), reflecting a combination of realised capital gains and unrealised valuation and hedge accounting effects. A one-off item in the second quarter 2016 affected comparison (see item 1 in the box). Additionally, in the third quarter 2015, SEB Asset Management AG was divested. Goodwill related to that transaction decreased net other income by SEK 187m.

Operating expenses

Total operating expenses amounted to SEK 22,052m (16,324). One-off items in 2016 affect the comparison (see item 2 and 3 in the box). Excluding the one-off items operating expenses amounted to SEK 16,103m. The decrease compared to the corresponding period last year was due to lower staff costs.

The number of employees decreased by approximately 270 since year-end.

SEB's cost cap on operating expenses is SEK 22bn for the years 2016 and 2017, with the operating expenses run rate currently indicating SEK 21.5bn.

Credit losses and provisions

Net credit losses amounted to SEK 709m (664). The credit loss level was 7 basis points (6).

Income tax expense

Total *income tax expense* was SEK 2,935m (3,380). The effective tax rate for the first nine months was 20 per cent, excluding the goodwill impairment recognised in the first quarter which was not tax deductible. This was in line with SEB's expected tax rate.

The Swedish government has proposed that interest on subordinated debt that qualifies as additional tier 1 capital and tier 2 capital will not be deductible for income tax purposes. The estimated effect from the change is an increase in tax expenses by approximately SEK 360m in 2017 and SEK 300m in 2018 and onwards, all else equal. SEB has no plans to call any of the outstanding subordinated additional tier 1 capital transactions due to this proposed tax reason and cannot contractually call the outstanding subordinated tier 2 capital transactions for the same reason.

Furthermore, a tax based on salary expense in the financial sector is being considered for implementation in Norway 2017 and in Sweden 2018. The total estimated effect of the proposal under discussion on SEB is around SEK 700m per year.

Other comprehensive income

The *other comprehensive income* amounted to SEK -2,171m (902).

The net revaluation of the defined benefit pension plans had a negative effect of SEK -3,758m in the first nine months versus a positive effect in the corresponding period 2015 of SEK 1,442m. The value of the pension plan assets exceeded the defined benefit obligations even though the pension obligation increased when discount rates were lowered in steps throughout the first nine months. The discount rate in Sweden was changed to 1.9 per cent (from 3.1 per cent at year-end) and the discount rate in Germany was changed to 1.2 per cent (from 2.4 per cent at year-end).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was positive in the amount of SEK 1,587m (-540). The valuation of available-for-sale financial assets included the revaluation of the holdings in Visa Sweden. The weaker krona resulted in an increase from translation of foreign operations.

Business volumes

Total assets at the end of the period were SEK 2,851bn, an increase by SEK 355bn compared to year-end (2,496). At year-end the volume of trading and repo activities was low, which led to lower issuance of commercial papers and certificates of deposits as well as lower volumes of short-term deposits placed by financial corporates. These activities have rebounded since year-end.

In addition, loans to the public amounted to SEK 1,497bn, a growth of SEK 144bn during the first nine months. Excluding repos and debt instruments, loans to the public increased by SEK 94bn. There was growth in all segments – in corporate and retail and in the Nordic and Baltic regions.

SEK bn	Sep 2016	Dec 2015	Sep 2015
General governments	30	38	49
Households	545	530	531
Corporates	795	708	708
Repos	112	59	88
Debt securities	15	18	18
Loans to the public	**1 497**	**1 353**	**1 394**

SEB's total credit portfolio (in which both on- and off-balance sheet volumes are included) amounted to SEK 2,153bn (2,065). During the first nine months total household loans and commitments increased by SEK 20bn. The combined corporate and property management loans and commitments increased by SEK 107bn.

SEK bn	Sep 2016	Dec 2015	Sep 2015
General governments	54	29	57
Households	275	262	266
Corporates	692	586	629
Repos	18	7	23
Deposits and borrowings from the public	**1 039**	**884**	**975**

Deposits from the public amounted to SEK 1,039bn, which was an increase of SEK 155bn compared to year-end. Compared to year-end, household deposits increased by SEK 13bn while corporate deposits increased by SEK 106bn.

Total assets under management amounted to SEK 1,758bn (1,700). The net inflow of assets during the first nine months was SEK 45bn and the total market value increased by SEK 13bn.

Assets under custody decreased reflecting the drop in stock market values and amounted to SEK 6,637bn (7,196).

Market risk

SEB's business model is driven by customer flows. Value-at-Risk (VaR) in the trading operations averaged SEK 122m in the third quarter 2016 and the year-to-date 2016 average was SEK 114m (122). On average, the Group is not expected to lose more than this amount during a period of ten trading days, with 99 per cent probability.

The main factors that affected VaR development year-to-date are the significant decline of the Swedish and Euro interest rates and the volatility of credit spreads.

Liquidity and long-term funding

Since year-end 2015, SEK 83.3bn of long-term funding matured (of which SEK 61.8bn covered bonds and SEK 21.5bn senior debt). At the same time, new issues amounted to SEK 130.0bn (of which SEK 59.4bn constituted covered bonds and SEK 70.6bn senior debt). Commercial papers and certificates of deposits increased by SEK 20.0bn since year-end 2015.

The core liquidity reserve at the end of the period amounted to SEK 552bn (352).

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 135 per cent (128). The USD and EUR LCRs were 269 and 129 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 115 per cent.

Rating

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

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

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

Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 18.6 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 16.1 per cent at the end of the third quarter 2016. The bank aims to have a buffer of about 150 basis points above the capital requirement.

In the third quarter the SFSA published the result of its Supervisory Review and Evaluation Process (SREP). The SREP confirmed that the total surcharge for increased risk-weights for corporate exposures and maturity floor for these exposures in total is 0.8 per cent, 0.4 and 0.4 respectively, resulting in a total CET 1 requirement of 16.9 per cent. The bank's CET 1 ratio is thus 170 basis points above the new requirement as per the third quarter.

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

Own funds requirement, Basel III	Sep 2016	Dec 2015	Sep 2015
Risk exposure amount, SEK bn	603	571	604
Common Equity Tier 1 capital ratio, %	18.6	18.8	17.8
Tier 1 capital ratio, %	20.9	21.3	20.1
Total capital ratio, %	23.3	23.8	22.7
Leverage ratio, %	4.4	4.9	4.5

REA increased by SEK 32bn since year-end. The increase was largely driven by corporate credit volumes and currency effects. Market risk REA declined in the first quarter and has been stable since. The Additional REA that was established in the fourth quarter of 2015 in agreement with the SFSA as a measure of prudence, increased by SEK 5.1bn to SEK 14bn.

Equity increased in line with the net profit approximately at the same rate as the REA increase. The CET 1 capital ratio was 0.2 percentage points below the year-end 2015 level.

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.

Risks and uncertainties

SEB assumes credit, market, liquidity, IT and operational as well as life insurance risks. The risk composition of the Group, as well as the related risk, liquidity and capital management, are described in SEB's Annual Report for 2015 (see page 40-46 and notes 18-20) and in the Capital Adequacy and Risk Management report for 2015. Further information is presented in the Fact Book on a quarterly basis.

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

Visa transaction

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

The closing of the transaction of SEB's Visa memberships in the Baltic countries resulted in a realisation of the fair value recognised in *other comprehensive income* in the first quarter to a one-off gain of SEK 520m recognised in *net other income* in the second quarter.

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

Stockholm 20, October 2016

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

Annika Falkengren

President and Chief Executive Officer

Press conference and webcasts
The press conference at 9 am on 20 October 2016, at Kungsträdgårdsgatan 8 with the President and CEO Annika Falkengren can be followed live in Swedish on www.sebgroup.com/sv/ir. A simultaneous translation into English will be available on www.sebgroup.com/ir. A replay will be available afterwards.

Access to telephone conference
The telephone conference at 12 noon on 20 October 2016 with the President and CEO, Annika Falkengren, the CFO, Jan Erik Back, and the Head of Investor Relations, Jonas Söderberg, can be accessed by telephone, +44(0)20 7162 0077 or +46(0)8 5052 0110. Please quote conference id: 959904 and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

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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

1 February	Annual Accounts 2016	The silent period starts 11 January
7 March	Annual Report 2016 published on sebgroup.com	
28 March	Annual General Meeting	
27 April	Interim Report January-March	The silent period starts 10 April
14 July	Interim Report January-June	The silent period starts 7 July
25 October	Interim Report January-September	The silent period starts 9 October

Accounting policies

This Interim Report is presented in accordance with IAS 34 *Interim Financial Reporting*. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting also follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority: Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). In addition, the *Supplementary Accounting Rules for Groups (RFR 1)* from the Swedish Financial Reporting Board have been applied. The Parent Company has prepared its accounts in accordance with Swedish Annual Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in Credit Institutions and Securities Companies and the *Supplementary Accounting Rules for Leg*al Entities (RFR 2) issued by the Swedish Financial Reporting Board.

As of 1 January 2016 amendments and clarifications of several IFRS standards came into force. IAS 27 Separate Financial Statements has been amended regarding the equity method in separate financial statements. IFRS 11 Joint Arrangements has been amended regarding accounting for acquisitions of interests in joint operations. IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets have been clarified regarding acceptable methods of depreciation and amortisation. IAS 1 Presentation of Financial Statements has been amended with clarifications of, for example, materiality and disclosure requirements. Annual Improvements 2012–2014 Cycle has narrowly amended several IFRS standards. These changes have not had a material impact on the financial statements of the Group or on capital adequacy and large exposures.

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

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

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

In all other material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2015 Annual Report.

Review report

We have reviewed this interim report for the period 1 January 2016 to 30 September 2016 for Skandinaviska Enskilda Banken AB (publ.). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm 20 October 2016
PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in charge

The SEB Group

Income statement – SEB Group

SEK m	Q3 2016	Q2 2016	%	Q3 2015	%	Jan–Sep 2016	Jan–Sep 2015	%	Full year 2015
Net interest income	4 657	4 647	*0*	4 683	*-1*	13 940	14 261	*-2*	18 938
Net fee and commission income	4 048	4 074	*-1*	4 086	*-1*	12 019	13 950	*-14*	18 345
Net financial income	1 915	1 718	*11*	1 152	*66*	5 018	3 855	*30*	5 478
Net other income	175	697	*-75*	28		1 176	417	*182*	1 002
Total operating income	**10 795**	**11 136**	***-3***	**9 949**	***9***	**32 153**	**32 483**	***-1***	**43 763**
Staff costs	-3 530	-3 507	*1*	-3 602	*-2*	-10 788	-10 912	*-1*	-14 436
Other expenses	-1 624	-1 648	*-1*	-1 436	*13*	-4 976	-4 624	*8*	-6 355
Depreciation, amortisation and impairment of tangible and intangible assets	- 201	- 177	*14*	- 284	*-29*	-6 288	- 788		-1 011
Total operating expenses	**-5 355**	**-5 332**	***0***	**-5 322**	***1***	**-22 052**	**-16 324**	***35***	**-21 802**
Profit before credit losses	**5 440**	**5 804**	***-6***	**4 627**	***18***	**10 101**	**16 159**	***-37***	**21 961**
Gains less losses from tangible and intangible assets	- 14	- 47	*-70*	- 53	*-74*	- 83	- 135	*-39*	- 213
Net credit losses	- 197	- 221	*-11*	- 256	*-23*	- 709	- 664	*7*	- 883
Operating profit	**5 229**	**5 536**	***-6***	**4 318**	***21***	**9 309**	**15 360**	***-39***	**20 865**
Income tax expense	-1 080	-1 017	*6*	- 915	*18*	-2 935	-3 380	*-13*	-4 284
Net profit	**4 149**	**4 519**	***-8***	**3 403**	***22***	**6 374**	**11 980**	***-47***	**16 581**
Attributable to shareholders	4 149	4 519	*-8*	3 403	*22*	6 374	11 980		16 581
Basic earnings per share, SEK	1.91	2.07		1.55		2.92	5.47		7.57
Diluted earnings per share, SEK	1.90	2.06		1.54		2.91	5.44		7.53

Statement of comprehensive income – SEB Group

SEK m	Q3 2016	Q2 2016	%	Q3 2015	%	Jan–Sep 2016	Jan–Sep 2015	%	Full year 2015
Net profit	**4 149**	**4 519**	***-8***	**3 403**	***22***	**6 374**	**11 980**	***-47***	**16 581**
Items that may subsequently be reclassified to the income statement:									
Available-for-sale financial assets	- 13	596	*-102*	- 39	*-67*	1 081	- 332		- 719
Cash flow hedges	- 312	- 216	*44*	140		- 338	- 105		- 667
Translation of foreign operations	392	378	*4*	220	*78*	844	- 103		- 573
Items that will not be reclassified to the income statement:									
Defined benefit plans	- 781	128		- 345	*126*	-3 758	1 442		4 178
Other comprehensive income (net of tax)	**- 714**	**886**	***-181***	**- 24**		**- 2 171**	**902**		**2 219**
Total comprehensive income	**3 435**	**5 405**	***-36***	**3 379**	***2***	**4 203**	**12 882**	***-67***	**18 800**
Attributable to shareholders	3 435	5 405	*-36*	3 379	*2*	4 203	12 882	*-67*	18 800

Balance sheet – SEB Group

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Cash and cash balances with central banks	262 866	101 429	211 462
Other lending to central banks	33 039	32 222	24 094
Loans to credit institutions[1]	103 550	58 542	77 152
Loans to the public	1 497 011	1 353 386	1 394 041
Financial assets at fair value through profit or loss [2]	818 060	826 945	903 626
Fair value changes of hedged items in a portfolio hedge	156	104	114
Available-for-sale financial assets[2]	36 129	37 368	40 143
Assets held for sale	451	801	936
Investments in associates	1 092	1 181	1 120
Tangible and intangible assets	20 398	26 203	26 369
Other assets	78 211	57 783	63 512
Total assets	**2 850 963**	**2 495 964**	**2 742 569**
Deposits from central banks and credit institutions	193 520	118 506	158 979
Deposits and borrowing from the public	1 039 239	883 785	974 543
Liabilities to policyholders	395 946	370 709	366 777
Debt securities issued	705 079	639 444	709 595
Financial liabilities at fair value through profit or loss	252 595	230 785	267 993
Fair value changes of hedged items in a portfolio hedge	1 772	1 608	1 725
Liabilities held for sale			
Other liabilities	91 711	75 084	91 735
Provisions	2 915	1 873	2 042
Subordinated liabilities	32 708	31 372	32 718
Total equity	135 478	142 798	136 462
Total liabilities and equity	**2 850 963**	**2 495 964**	**2 742 569**
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.	278 361	295 409	329 457

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Pledged assets for own liabilities[1]	519 537	496 825	523 114
Pledged assets for liabilities to insurance policyholders	395 946	370 709	366 777
Other pledged assets[2]	169 606	146 521	144 050
Pledged assets	**1 085 089**	**1 014 055**	**1 033 941**
Contingent liabilities[3]	113 338	109 297	109 674
Commitments	704 741	609 872	617 358
Contingent liabilities and commitments	**818 079**	**719 169**	**727 032**

1) Of which collateralised for covered bonds SEK 346,077m (354,651/342,371).

2) Of which securities lending SEK 90,600m (63,528/65,516) and pledged but unencumbered bonds SEK 67,379m (73,781/69,084).

3) Of which credit guarantees SEK 12,765m (33 855/35 395).

Key figures – SEB Group

	Q3 2016	Q2 2016	Q3 2015	Jan–Sep 2016	Jan–Sep 2015	Full year 2015
Return on equity, %	12.34	14.03	10.08	6.28	11.93	12.24
Return on equity excluding one-off items[1], %	11.79	11.88	10.01	11.16	12.78	12.85
Return on total assets, %	0.58	0.63	0.47	0.30	0.54	0.57
Return on risk exposure amount, %	2.79	3.16	2.21	1.47	2.58	2.71
Cost/income ratio	0.50	0.48	0.53	0.69	0.50	0.50
Cost/income ratio excluding one-off items[1]	0.50	0.50	0.53	0,51	0.49	0.49
Basic earnings per share, SEK	1.91	2.07	1.55	2.92	5.47	7.57
Weighted average number of shares[2], millions	2 168	2 182	2 192	2 181	2 191	2 191
Diluted earnings per share, SEK	1.90	2.06	1.54	2.91	5.44	7.53
Weighted average number of diluted shares[3], millions	2 178	2 193	2 203	2 191	2 203	2 203
Net worth per share, SEK	70.26	68.28	68.90	70.26	68.90	72.09
Equity per share, SEK	62.47	60.87	62.24	62.47	62.24	65.11
Average shareholders' equity, SEK, billion	134.5	128.8	135.1	135.3	133.9	135.5
Credit loss level, %	0.05	0.06	0.07	0.07	0.06	0.06
Liquidity Coverage Ratio (LCR)[4], %	135	129	116	135	116	128
Own funds requirement, Basel III						
Risk exposure amount, SEK m	603 140	587 590	604 206	603 140	604 206	570 840
Expressed as own funds requirement, SEK m	48 251	47 007	48 337	48 251	48 337	45 667
Common Equity Tier 1 capital ratio, %	18.6	18.7	17.8	18.6	17.8	18.8
Tier 1 capital ratio, %	20.9	21.1	20.1	20.9	20.1	21.3
Total capital ratio, %	23.3	23.5	22.7	23.3	22.7	23.8
Leverage ratio, %	4.4	4.7	4.5	4.4	4.5	4.9
Number of full time equivalents[5]	15 101	15 367	15 497	15 327	15 661	15 605
Assets under custody, SEK bn	6 637	6 476	7 401	6 637	7 401	7 196
Assets under management, SEK bn	1 758	1 657	1 631	1 758	1 631	1 700

1) Swiss withholding tax decision in Q2 2015. 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 850,426 Class A shares for the equity based programmes at year-end 2015. During 2016 SEB has purchased 29,840,000 shares and 4,436,912 shares have been sold. Thus, at 30 September 2016 SEB owned 26,253,514 Class A-shares with a market value of SEK 2,263m.
3) Calculated dilution based on the estimated economic value of the long-term incentive programmes.
4) According to Swedish FSA regulations for respective period.
5) Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

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

Income statement on quarterly basis - SEB Group

SEK m	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net interest income	4 657	4 647	4 636	4 677	4 683
Net fee and commission income	4 048	4 074	3 897	4 395	4 086
Net financial income	1 915	1 718	1 385	1 623	1 152
Net other income	175	697	304	585	28
Total operating income	**10 795**	**11 136**	**10 222**	**11 280**	**9 949**
Staff costs	-3 530	-3 507	-3 751	-3 524	-3 602
Other expenses	-1 624	-1 648	-1 704	-1 731	-1 436
Depreciation, amortisation and impairment of tangible and intangible assets	- 201	- 177	-5 910	- 223	- 284
Total operating expenses	**-5 355**	**-5 332**	**-11 365**	**-5 478**	**-5 322**
Profit before credit losses	**5 440**	**5 804**	**-1 143**	**5 802**	**4 627**
Gains less losses from tangible and intangible assets	- 14	- 47	- 22	- 78	- 53
Net credit losses	- 197	- 221	- 291	- 219	- 256
Operating profit	**5 229**	**5 536**	**-1 456**	**5 505**	**4 318**
Income tax expense	-1 080	-1 017	- 838	- 904	- 915
Net profit	**4 149**	**4 519**	**-2 294**	**4 601**	**3 403**
Attributable to minority interests					
Attributable to shareholders	4 149	4 519	-2 294	4 601	3 403
Basic earnings per share, SEK	1.91	2.07	-1.05	2.10	1.55
Diluted earnings per share, SEK	1.90	2.06	-1.04	2.09	1.54

Income statement by division – SEB Group

Jan-Sep 2016, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life & Investment Management	Other[3]	Eliminations	SEB Group
Net interest income	6 105	6 651	1 557	- 43	- 304	- 26	13 940
Net fee and commission income	4 405	3 989	846	2 830	29	- 80	12 019
Net financial income	2 968	283	180	1 280	212	95	5 018
Net other income[1]	252	36	- 11	65	846	- 12	1 176
Total operating income	**13 730**	**10 959**	**2 572**	**4 132**	**783**	**- 23**	**32 153**
Staff costs	-3 030	-2 489	- 552	-1 145	-3 616	44	-10 788
Other expenses	-3 872	-2 704	- 792	- 741	3 154	- 21	-4 976
Depreciation, amortisation and impairment of tangible and intangible assets[2]	- 129	- 51	- 43	- 35	-6 030		-6 288
Total operating expenses	**-7 031**	**-5 244**	**-1 387**	**-1 921**	**-6 492**	**23**	**-22 052**
Profit before credit losses	**6 699**	**5 715**	**1 185**	**2 211**	**-5 709**		**10 101**
Gains less losses from tangible and intangible assets	1		- 85		1		- 83
Net credit losses	- 363	- 313	- 35		2		- 709
Operating profit	**6 337**	**5 402**	**1 065**	**2 211**	**-5 706**		**9 309**

1) The settlement of the transaction of SEB's Baltic holdings in VISA Europe is presented within Other.

2) The impairment of goodwill is presented within Other.

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

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

Large Corporates & Financial Institutions

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

Income statement

	Q3	Q2		Q3		Jan – Sep			Full year
SEK m	**2016**	**2016**	%	**2015**	%	**2016**	**2015**	%	**2015**
Net interest income	1 935	2 089	*-7*	2 007	*-4*	6 105	5 927	*3*	7 953
Net fee and commission income	1 444	1 577	*-8*	1 388	*4*	4 405	5 146	*-14*	6 789
Net financial income	1 050	1 021	*3*	986	*6*	2 968	2 868	*3*	3 987
Net other income	58	19		129	*-55*	252	292	*-14*	528
Total operating income	**4 487**	**4 706**	***-5***	**4 510**	***-1***	**13 730**	**14 233**	***-4***	**19 257**
Staff costs	-1 000	- 943	*6*	- 950	*5*	-3 030	-2 899	*5*	-3 860
Other expenses	-1 242	-1 275	*-3*	-1 255	*-1*	-3 872	-3 796	*2*	-5 008
Depreciation, amortisation and impairment of tangible and intangible assets	- 8	- 7	*14*	- 38	*-79*	- 129	- 84	*54*	- 109
Total operating expenses	**-2 250**	**-2 225**	***1***	**-2 243**	***0***	**-7 031**	**-6 779**	***4***	**-8 977**
Profit before credit losses	**2 237**	**2 481**	***-10***	**2 267**	***-1***	**6 699**	**7 454**	***-10***	**10 280**
Gains less losses from tangible and intangible assets		1	*-100*			1	1	*0*	1
Net credit losses	- 103	- 138	*-25*	-90	*14*	- 363	- 209	*74*	- 299
Operating profit	**2 134**	**2 344**	***-9***	**2 177**	***-2***	**6 337**	**7 246**	***-13***	**9 982**
Cost/Income ratio	0.50	0.47		0.50		0.51	0.48		0.47
Business equity, SEK bn	62.8	60.4		66.4		61.6	67.1		66.4
Return on business equity, %	10.5	12.0		10.1		10.6	11.1		11.6
Number of full time equivalents[1)]	2 073	2 153		2 302		2 152	2 303		2 293

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

- Stable performance in the Large Corporate segment despite continued macro uncertainty
- Customers were cautious in the uncertain markets demanding hedging solutions
- Third quarter operating profit in line with 2015 despite generally low activity levels

Comments on the first nine months

Market uncertainty continued into the third quarter in the aftermath of the EU referendum in the UK and ahead of the US election. The central banks' support programs and interest rate strategies kept influencing the markets.

Financial Institutions' customers were cautious during the first nine months but hedging activity picked up during periods of exceptional market turbulence such as the sharp moves in oil prices and in connection with Brexit. Assets under custody amounted to SEK 6,637bn (7,196).

In the *Large Corporate* segment the organic growth was low but demand for risk management products increased in the uncertain markets. Activity levels picked up somewhat towards the end of the third quarter, particularly the event-driven business.

Overall the business development in all Nordic markets was solid. Norway had strong momentum with high client activity and strong performance in all segments, especially within hedging and corporate lending. Performance in Finland was solid mainly driven by events and higher activity in real estate. Denmark saw higher demand for risk management products, and closed several M&A deals in the third quarter. In the German business, the strategic reduction of non-core business continued in a highly competitive environment.

Operating profit decreased to SEK 6,337bn (7,246). Net interest income was slightly higher despite low interest rates and relatively weak client activity. Net fee and commission income decreased mainly as a result of the decrease of stock lending business for liquidity management purposes. Net financial income increased reflecting the high demand for risk management products. Operating expenses, excluding one-off effects, decreased compared to last year as a result of efficiency measures. Net credit losses amounted to SEK 363m (209), equivalent to a credit loss level of 8 basis points.

Corporate & Private Customers

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

Income statement

	Q3	Q2		Q3		Jan – Sep			Full year
SEK m	**2016**	**2016**	*%*	**2015**	*%*	**2016**	**2015**	*%*	**2015**
Net interest income	2 222	2 241	*-1*	2 127	*4*	6 651	6 226	*7*	8 353
Net fee and commission income	1 348	1 366	*-1*	1 401	*-4*	3 989	4 406	*-9*	5 800
Net financial income	95	98	*-3*	115	*-17*	283	405	*-30*	522
Net other income	9	21	*-57*	7	*29*	36	49	*-27*	67
Total operating income	**3 674**	**3 726**	***-1***	**3 650**	***1***	**10 959**	**11 086**	***-1***	**14 742**
Staff costs	- 817	- 828	*-1*	- 812	*1*	-2 489	-2 553	*-3*	-3 418
Other expenses	- 892	- 924	*-3*	- 817	*9*	-2 704	-2 531	*7*	-3 463
Depreciation, amortisation and impairment of tangible and intangible assets	- 18	- 17	*6*	- 78	*-77*	- 51	- 115	*-56*	- 134
Total operating expenses	**-1 727**	**-1 769**	***-2***	**-1 707**	***1***	**-5 244**	**-5 199**	***1***	**-7 015**
Profit before credit losses	**1 947**	**1 957**	***-1***	**1 943**	***0***	**5 715**	**5 887**	***-3***	**7 727**
Gains less losses from tangible and intangible assets									
Net credit losses	- 84	- 110	*-24*	- 141	*-40*	- 313	- 368	*-15*	- 459
Operating profit	**1 863**	**1 847**	***1***	**1 802**	***3***	**5 402**	**5 519**	***-2***	**7 268**
Cost/Income ratio	0.47	0.47		0.47		0.48	0.47		0.48
Business equity, SEK bn	37.7	36.9		37.9		36.9	38.1		38.1
Return on business equity, %	15.2	15.4		14.6		15.0	14.9		14.7
Number of full time equivalents[1)]	3 608	3 703		3 795		3 699	3 805		3 796

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

- Digital offering to corporate customers was top-ranked by Finansbarometern
- Year-to-date, SEB attracted 7,400 corporate customers, reaching 166,200 in total
- Nine-month operating profit decreased year-on-year while the third quarter result improved somewhat

Comments on the first nine months

The risk aversion among customers prevalent during the year was reduced as equity market volatility levelled off in the third quarter. Subsequently, customer activity picked up and resulted in steady net new inflows of assets under management in the *private segment*. Household mortgages continued to grow and reached SEK 429bn (419), while the number of full-service customers increased to 485,700 (482,200). Private customers continued to increase their digital presence as mobile interactions averaged 15.3 million per month during the first nine months of this year, reaching another all-time high. The launch of SEB Youth App in May has resulted in 11,000 active users.

In the *corporate segment* SEB continued to grow its full-service customer base, reaching 166,200 (158,800). Corporate lending increased to SEK 220bn (198) as a result of customers' growing willingness to invest. In the annual customer survey, Finansbarometern, the digital offering to corporate customers was top-ranked among the large Swedish banks in the digital category.

Operating profit for the first nine months decreased to SEK 5,402m (5,519) year-on-year. One of the main drivers was the reduction in net fee and commission income to SEK 3,989m (4,406) due to lower market values as well as lower interchange fees on cards. Net interest income continued to increase to SEK 6,651m (6,226) while operating expenses remained stable at SEK 5,244m (5,199). Credit losses remained at low levels and amounted to SEK 313m which corresponded to a credit loss level of 6 basis points.

The annual EPSI (SKI) survey on bank customer satisfaction was published in October. The main finding was an industry-wide downturn in customer satisfaction. SEB's scores decreased too, however, to a lesser degree than for Swedish peers. In the private segment the score was largely unchanged.

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)

	Q3	Q2		Q3		Jan – Sep			Full year
SEK m	**2016**	**2016**	%	**2015**	%	**2016**	**2015**	%	**2015**
Net interest income	545	508	*7*	517	*5*	1 562	1 545	*1*	2 019
Net fee and commission income	298	284	*5*	283	*5*	846	823	*3*	1 115
Net financial income	75	51	*47*	47	*60*	180	186	*- 3*	241
Net other income	3	0		28	*- 89*	4	52	*- 92*	59
Total operating income	**921**	**843**	***9***	**875**	***5***	**2 592**	**2 606**	***- 1***	**3 434**
Staff costs	- 177	- 182	*- 3*	- 179	*- 1*	- 537	- 531	*1*	- 713
Other expenses	- 237	- 231	*3*	- 240	*- 1*	- 785	- 725	*8*	- 959
Depreciation, amortisation and impairment of tangible and intangible assets	- 13	- 13	*0*	-16	*- 19*	- 39	-48	*- 19*	- 62
Total operating expenses	**- 427**	**- 426**	***0***	**- 435**	***- 2***	**-1 361**	**-1 304**	***4***	**-1 734**
Profit before credit losses	**494**	**417**	***18***	**440**	***12***	**1 231**	**1 302**	***- 5***	**1 700**
Gains less losses from tangible and intangible assets	4	2	*100*	1		8	2		1
Net credit losses	- 13	27		- 57		- 35	- 89	*- 61*	- 128
Operating profit	**485**	**446**	***9***	**384**	***26***	**1 204**	**1 215**	***- 1***	**1 573**
Cost/Income ratio	0.46	0.51		0.50		0.53	0.50		0.50
Business equity, SEK bn	7.7	7.5		7.4		7.6	7.7		7.5
Return on business equity, %	22.1	20.8		18.5		18.6	18.8		18.6
Number of full time equivalents[1)]	2 520	2 535		2 607		2 549	2 660		2 643

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

Baltic Division (incl. RHC)

	Q3 2016	Q2 2016	%	Q3 2015	%	Jan – Sep 2016	Jan – Sep 2015	%	Full year 2015
Operating profit	**449**	**383**	***17***	**310**	***45***	**1 065**	**1 018**	***5***	**1 281**
Cost/Income ratio	0.48	0.52		0.51		0.54	0.52		0.52
Business equity, SEK bn	8.0	7.8		7.7		7.9	8.1		7.9
Return on business equity, %	19.9	17.3		14.2		15.9	15.0		14.4
Number of full time equivalents[1)]	2 552	2 568		2 641		2 582	2 695		2 678

- Continued lending growth in all three Baltic countries and increased customer activity
- New digital functionality launched
- Operating profit higher in the third quarter

Comments on the first nine months

The GDP development in the Baltic countries continued to be positive, driven by exports, investments and private consumption. In general, corporate customers have been able to mitigate the effects of the Russian sanctions.

Corporate and mortgage loan volumes increased in all Baltic countries from year-end to SEK 117bn (106). In particular there was growth in Lithuania. The deposit volumes increased to SEK 101bn (94).

Lending margins remained relatively stable across the portfolio with slightly higher margins on new private loans. Net interest income was higher than the first nine months 2015 driven by the loan volume and margin increases. The deposit margins prevailing in the Baltic countries were relatively low. The fee and commission income was higher partly driven by increasing customer activity. Operating profit, excluding a one-off expense in the amount of SEK 68m in the first quarter, was 5 per cent higher year-on-year. Underlying operating expenses were lower. Asset quality was in general good with a credit loss level of 4 points.

Digital initiatives continued. During the third quarter several on-line functions were launched: new account opening for SME customers, debit cards in Estonia, consumer finance in Latvia and Lithuania and chat functionality in Latvia. SEB won awards from Global Finance magazine for Best Corporate/ Institutional Digital Banks in Estonia and Lithuania and for Best Consumer Digital Bank in all three countries.

The real estate holding companies held assets at a total book value of SEK 1,149m (1,739).

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

	Q3	Q2		Q3		Jan – Sep			Full year
SEK m	**2016**	**2016**	*%*	**2015[1]**	*%*	**2016**	**2015[1]**	*%*	**2015[1]**
Net interest income	- 14	- 15	*- 7*	- 11	*27*	- 43	- 31	*39*	- 43
Net fee and commission income	982	931	*5*	1 042	*- 6*	2 830	3 542	*- 20*	4 600
Net financial income	441	472	*- 7*	218	*102*	1 280	890	*44*	1 339
Net other income	11	36	*- 69*	13	*- 15*	65	62	*5*	85
Total operating income	**1 420**	**1 424**	***0***	**1 262**	***13***	**4 132**	**4 463**	***- 7***	**5 981**
Staff costs	- 367	- 404	*- 9*	- 423	*- 13*	-1 145	-1 297	*- 12*	-1 669
Other expenses	- 251	- 258	*- 3*	- 275	*- 9*	- 741	- 826	*- 10*	-1 144
Depreciation, amortisation and impairment of tangible and intangible assets	- 11	- 11	*0*	- 14	*- 21*	- 35	- 45	*- 22*	- 58
Total operating expenses	**- 629**	**- 673**	***- 7***	**- 712**	***- 12***	**-1 921**	**-2 168**	***- 11***	**-2 871**
Profit before credit losses	**791**	**751**	***5***	**550**	***44***	**2 211**	**2 295**	***- 4***	**3 110**
Gains less losses from tangible and intangible assets									
Net credit losses									
Operating profit	**791**	**751**	***5***	**550**	***44***	**2 211**	**2 295**	***- 4***	**3 110**
Cost/Income ratio	0.44	0.47		0.56		0.46	0.49		0.48
Business equity, SEK bn	11.7	11.6		8.7		11.6	8.7		8.7
Return on business equity, %	23.3	22.4		21.4		21.9	29.8		30.3
Number of full time equivalents[2]	1 465	1 470		1 454		1 463	1 588		1 554

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

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

- SEB's traditional life insurance now an option in the Swedish collective agreement market
- Intensified sustainability focus through strengthened owner dialogues
- Improved result in the third quarter

Comments on the first nine months

The digital advisory tool for the Swedish life insurance business – Trygghetsplaneraren – was developed further. Customers are now able to set individual goals for pension and life insurance coverage. This enables an initiated discussion between the advisor and the customer based on individual needs and the current life situation.

SEB became one of the traditional life insurance providers to a major collective agreement (SAF-LO). SEB's market share in the total Swedish life insurance market increased to 9.4 per cent (measured as weighted volume of new sales for the 12 month period ending June 2016) and the market position improved from number five to number four. SEB's investment result was among the highest in the Swedish traditional life insurance market.

The fierce competition in the Danish pension market continued. The long-term investment strategy was successful and provided top three returns for SEB Pension's customers.

SEB maintained a leading position in Morningstar's long-term performance valuation of the largest fund providers in Sweden. The intensified effort to integrate sustainability into the investment processes is materialising. SEB implemented a stricter policy on carbon emissions and signed an agreement with Hermes EOS, a leader in corporate dialogues, to strengthen owner dialogues outside the Nordic region.

The operating profit decreased during the first nine months compared to last year primarily due to lower base commissions and performance fee income. However, the fee and commission income increased during the third quarter due to increasing asset values. In the life business, total premium income from both new and existing life insurance policies decreased by 1 per cent compared to last year. Weighted sales decreased by 4 per cent compared to last year to SEK 40bn.

The SEB Group

Net interest income – SEB Group

	Q3	Q2		Q3		Jan–Sep			Full year
SEK m	**2016**	**2016**	**%**	**2015**	**%**	**2016**	**2015**	**%**	**2015**
Interest income	8 701	8 752	*- 1*	9 083	*- 4*	26 342	28 684	*- 8*	37 726
Interest expense	-4 044	-4 105	*- 1*	-4 400	*- 8*	-12 402	-14 423	*- 14*	-18 788
Net interest income	**4 657**	**4 647**	***0***	**4 683**	***- 1***	**13 940**	**14 261**	***- 2***	**18 938**

Net fee and commission income – SEB Group

	Q3	Q2		Q3		Jan–Sep			Full year
SEK m	**2016**	**2016**	**%**	**2015**	**%**	**2016**	**2015**	**%**	**2015**
Issue of securities and advisory	208	211	*- 1*	188	*11*	569	576	*- 1*	834
Secondary market and derivatives	415	612	*- 32*	437	*- 5*	1 476	2 900	*- 49*	3 350
Custody and mutual funds	1 811	1 759	*3*	1 959	*- 8*	5 314	6 477	*- 18*	8 507
Payments, cards, lending, deposits, guarantees and other	2 581	2 741	*- 6*	2 350	*10*	7 879	7 365	*7*	9 963
Whereof payments and card fees	*1 310*	*1 290*	*2*	*1 396*	*- 6*	*3 847*	*4 135*	*- 7*	*5 521*
Whereof lending	*563*	*666*	*- 15*	*500*	*13*	*1 804*	*1 797*	*0*	*2 445*
Life insurance commissions	418	395	*6*	416	*0*	1 215	1 248	*- 3*	1 686
Fee and commission income	**5 433**	**5 718**	***- 5***	**5 350**	***2***	**16 453**	**18 566**	***- 11***	**24 340**
Fee and commission expense	**-1 385**	**-1 644**	***- 16***	**-1 264**	***10***	**-4 434**	**-4 616**	***- 4***	**-5 995**
Net fee and commission income	**4 048**	**4 074**	***- 1***	**4 086**	***- 1***	**12 019**	**13 950**	***- 14***	**18 345**
Whereof Net securities commissions	*1 742*	*1 609*	*8*	*2 052*	*- 15*	*5 035*	*7 382*	*- 32*	*9 459*
Whereof Net payments and card fees	*821*	*839*	*- 2*	*861*	*- 5*	*2 416*	*2 585*	*- 7*	*3 435*
Whereof Net life insurance commissions	*268*	*250*	*7*	*258*	*4*	*763*	*873*	*- 13*	*1 154*

Net financial income – SEB Group

	Q3	Q2		Q3		Jan–Sep			Full year
SEK m	**2016**	**2016**	**%**	**2015**	**%**	**2016**	**2015**	**%**	**2015**
Equity instruments and related derivatives[1)]	669	276	*142*	-1 069	*- 163*	717	- 818		- 141
Debt securities and related derivatives	- 176	112		1 075	*- 116*	296	944	*-69*	266
Currency and related derivatives	892	896	*0*	902	*- 1*	2 585	2 717	*-5*	3 831
Other life insurance income, net	512	489	*5*	224	*129*	1 370	906	*51*	1 360
Other	18	- 55		20	*- 10*	50	106	*-53*	162
Net financial income	**1 915**	**1 718**	***11***	**1 152**	***66***	**5 018**	**3 855**	***30***	**5 478**
Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.	*-84*	*-205*	*-59*	*6*		*- 442*	*482*	*-192*	*603*

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

For the third quarter the effect from structured products offered to the public was approximately SEK 510m (Q2 2016: 70, Q3 2015: -90) in Equity related derivatives and a corresponding effect in Debt securities and related derivatives SEK -885m (Q2 2016: 165, Q3 2015: 130) and Credit related derivatives SEK 495m (Q2 2016: -160, Q3 2015: -80).

1) During the second quarter 2015 a negative one-off item of SEK 820m is included within Equity instruments and related derivatives in accordance with the Swiss Supreme Court's decision as disclosed in SEB's press release dated 5 May 2015.

Net credit losses – SEB Group

SEK m	Q3 2016	Q2 2016	%	Q3 2015	%	Jan–Sep 2016	Jan–Sep 2015	%	Full year 2015
Provisions:									
Net collective provisions for individually assessed loans	- 196	- 180	*9*	62		- 263	16		74
Net collective provisions for portfolio assessed loans	45	76	*-41*	54	*-17*	152	199	*-24*	362
Specific provisions	- 71	- 51	*39*	- 229	*-69*	- 565	- 836	*-32*	-1 058
Reversal of specific provisions no longer required	72	67	*7*	58	*24*	264	448	*-41*	507
Net provisions for contingent liabilities	59			32	*84*	41	27	*52*	3
Net provisions	**- 91**	**- 88**	***3***	**- 23**		**- 371**	**- 146**	***154***	**- 112**
Write-offs:									
Total write-offs	- 370	- 262	*41*	- 699	*-47*	- 878	-1 692	*-48*	-2 256
Reversal of specific provisions utilized for write-offs	186	92	*102*	430	*-57*	378	1 054	*-64*	1 301
Write-offs not previously provided for	- 184	- 170	*8*	- 269	*-32*	- 500	- 638	*-22*	- 955
Recovered from previous write-offs	78	37	*111*	36	*117*	162	120	*35*	184
Net write-offs	**- 106**	**- 133**	***-20***	**- 233**	***-55***	**- 338**	**- 518**	***-35***	**- 771**
Net credit losses	**- 197**	**- 221**	***-11***	**- 256**	***-23***	**- 709**	**- 664**	***7***	**- 883**

Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Other reserves[1] Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Total Share-holders' equity	Minority interests	Total Equity
Jan-Sep 2016									
Opening balance	21 942	114 471	648	3 210	-1 943	4 470	**142 798**		**142 798**
Change in valuation of insurance contracts[2]		-440					**-440**		**-440**
Adjusted opening balance	**21 942**	**114 031**	**648**	**3 210**	**-1 943**	**4 470**	142 358		142 358
Net profit		6 374					**6 374**		**6 374**
Other comprehensive income (net of tax)			1 081	-338	844	-3 758	**-2 171**		**-2 171**
Total comprehensive income		**6 374**	**1 081**	**-338**	**844**	**-3 758**	4 203		4 203
Dividend to shareholders		-11 504					**-11 504**		**-11 504**
Equity-based programmes[3]		267					**267**		**267**
Change in holdings of own shares		154					**154**		**154**
Closing balance	**21 942**	**109 322**	**1 729**	**2 872**	**-1 099**	**712**	**135 478**		**135 478**
Jan-Dec 2015									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	**134 543**	33	**134 576**
Net profit		16 581					**16 581**		**16 581**
Other comprehensive income (net of tax)			-719	-667	-573	4 178	**2 219**		**2 219**
Total comprehensive income		**16 581**	**-719**	**-667**	**-573**	**4 178**	18 800		18 800
Dissolvement of minority interest								-33	**-33**
Dividend to shareholders		-10 400					**-10 400**		**-10 400**
Equity-based programmes[3]		-164					**-164**		**-164**
Change in holdings of own shares		19					**19**		**19**
Closing balance	**21 942**	**114 471**	**648**	**3 210**	**-1 943**	**4 470**	**142 798**		**142 798**
Jan-Sep 2015									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	**134 543**	33	**134 576**
Net profit		11 980					**11 980**		**11 980**
Other comprehensive income (net of tax)			-332	-105	-103	1 442	**902**		**902**
Total comprehensive income		**11 980**	**-332**	**-105**	**-103**	**1 442**	12 882		12 882
Dissolvement of minority interest								**-33**	**-33**
Dividend to shareholders		-10 400					**-10 400**		**-10 400**
Equity-based programmes[3]		-298					**-298**		**-298**
Change in holdings of own shares		-265					**-265**		**-265**
Closing balance	**21 942**	**109 452**	**1 035**	**3 772**	**-1 473**	**1 734**	**136 462**		**136 462**

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

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

3) Number of shares owned by SEB:

Number of shares owned by SEB, million	Jan-Sep 2016	Jan-Dec 2015	Jan-Sep 2015
Opening balance	0.9	5.5	5.5
Repurchased shares for equity-based programmes	29.8	3.4	3.3
Sold/distributed shares	-4.4	-8.0	-7.1
Closing balance	**26.3**	**0.9**	**1.7**
Market value of shares owned by SEB, SEK m	2 263	76	150

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–Sep 2016	Jan–Sep 2015	%	Full year 2015
Cash flow from operating activities	173 152	116 302	*49*	21 002
Cash flow from investment activities	858	848	*1*	903
Cash flow from financing activities	- 10 105	- 7 295	*39*	- 19 102
Net increase in cash and cash equivalents	**163 905**	**109 855**	***49***	**2 803**
Cash and cash equivalents at the beginning of year	110 770	105 848	*5*	105 848
Exchange rate differences on cash and cash equivalents	4 268	3 499	*22*	2 119
Net increase in cash and cash equivalents	163 905	109 855	*49*	2 803
Cash and cash equivalents at the end of period[1)]	**278 943**	**219 202**	***27***	**110 770**

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

Financial assets and liabilities – SEB Group

SEK m	30 Sep 2016 Carrying amount	30 Sep 2016 Fair value	31 Dec 2015 Carrying amount	31 Dec 2015 Fair value	30 Sep 2015 Carrying amount	30 Sep 2015 Fair value
Loans	1 878 923	1 896 178	1 522 503	1 529 152	1 682 534	1 693 798
Equity instruments	78 370	78 370	98 207	98 207	118 823	118 823
Debt instruments	276 928	277 121	299 943	300 106	331 788	331 929
Derivative instruments	226 566	226 566	215 551	215 551	250 799	250 799
Financial assets–policyholders bearing the risk	287 731	287 731	271 613	271 613	264 879	264 879
Other	60 181	60 181	37 666	37 666	41 747	41 747
Financial assets	**2 808 699**	**2 826 147**	**2 445 483**	**2 452 295**	**2 690 570**	**2 701 975**
Deposits	1 194 485	1 197 260	957 599	957 895	1 087 510	1 088 705
Equity instruments	13 465	13 465	12 927	12 927	12 078	12 078
Debt instruments	811 023	829 995	725 950	745 370	808 415	822 183
Derivative instruments	186 971	186 971	190 039	190 039	215 788	215 788
Liabilities to policyholders–investment contracts	288 642	288 642	271 995	271 995	265 733	265 733
Other	81 237	81 237	59 619	59 619	80 402	80 523
Financial liabilities	**2 575 823**	**2 597 570**	**2 218 129**	**2 237 845**	**2 469 926**	**2 485 010**

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 39 in the Annual Report 2015.

Assets and liabilities measured at fair value – SEB Group

SEK m	30 Sep 2016				31 Dec 2015			
Assets	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
Financial assets - policyholders bearing the risk	268 608	14 515	4 608	**287 731**	255 175	13 831	2 607	**271 613**
Equity instruments at fair value	55 313	11 964	11 414	**78 691**	75 565	11 473	11 677	**98 715**
Debt instruments at fair value	102 345	157 359	1 819	**261 523**	132 789	144 948	1 204	**278 941**
Derivative instruments at fair value	4 300	212 331	9 934	**226 565**	2 061	202 261	11 229	**215 551**
Investment properties			7 224	**7 224**			7 169	**7 169**
Assets held for sale		451		**451**		801		**801**
Total	**430 566**	**396 620**	**34 999**	**862 185**	**465 590**	**373 314**	**33 886**	**872 790**
Liabilities								
Liabilities to policyholders - investment contracts	269 487	14 538	4 617	**288 642**	255 581	13 812	2 602	**271 995**
Equity instruments at fair value	13 155	2	309	**13 466**	12 445	37	445	**12 927**
Debt instruments at fair value	26 085	42 012		**68 097**	7 025	38 191		**45 216**
Derivative instruments at fair value	3 305	179 893	3 774	**186 972**	2 534	176 103	11 401	**190 038**
Other financial liabilities		17 196		**17 196**		17 377		**17 377**
Total	**312 032**	**253 641**	**8 700**	**574 373**	**277 585**	**245 520**	**14 448**	**537 553**

Fair value measurement

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

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

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

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

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

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

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

Level 1: Quoted market prices

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

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

Level 2: Valuation techniques with observable inputs

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

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

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

Level 3: Valuation techniques with significant unobservable inputs

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

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

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

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. At the end of Q2 2016 Derivative liabilities (European Swaptions), within the insurance holdings, at the amount of SEK 5.3bn have been transferred from Level 3 into Level 2. The availability of market data motivates the transfer.

Changes in level 3	Closing balance 31 Dec 2015	Gain/loss in Income statement	Gain/loss in Other comprehensive income	Purchases	Sales	Issues	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance 30 Sep 2016
Assets											
Financial assets - policyholders bearing the risk	2 607	-31		3 962	-2 106					176	4 608
Equity instruments at fair value	11 677	-940	351	2 181	-2 306				-12	463	11 414
Debt instruments at fair value	1 204	-29		857	-265					52	1 819
Derivative instruments at fair value	11 229	-1 925		204	-22		55		-74	467	9 934
Investment properties	7 169	12		11	-311					343	7 224
Total	**33 886**	**-2 913**	**351**	**7 215**	**-5 010**	**0**	**55**	**0**	**-86**	**1 501**	**34 999**
Liabilities											
Liabilities to policyholders - investment contracts	2 602	-31		3 971	-2 101					176	4 617
Equity instruments at fair value	445	80		-221						5	309
Debt instruments at fair value	0										0
Derivative instruments at fair value	11 401	-2 867		134	-1		138		-5 299	268	3 774
Total	**14 448**	**-2 818**	**0**	**3 884**	**-2 102**	**0**	**138**	**0**	**-5 299**	**449**	**8 700**

Sensitivity of Level 3 assets and liabilities to unobservable inputs

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives. At the end of Q1 2016, basis for calculating sensitivities for Interest Rate Swaptions, within Insurance Holdings - Financial instruments, have changed from stressing the market value to stressing the implied volatility.

	30 Sep 2016				**31 Dec 2015**			
SEK m	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments 1) 2) 4)	919	-1 098	-179	92	919	-813	106	97
Equity instruments 3) 6)	1 496	-308	1 188	230	1 517	-445	1 072	233
Insurance holdings - Financial instruments 4 5 7)	20 400	-2 691	17 709	1 778	21 415	-10 595	10 820	1 539
Insurance holdings - Investment properties 6 7)	7 224		7 224	722	7 169		7 169	717

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

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

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

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

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

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

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

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
				Related arrangements				
	Gross amounts	Offset	**Net amounts in balance sheet**	Master netting arrangements	Collaterals received/ pledged	**Net amounts**		
30 Sep 2016								
Derivatives	229 381	-4 412	**224 969**	-128 112	-43 772	**53 085**	1 596	**226 565**
Reversed repo receivables	151 976	-17 490	**134 486**	-24 592	-109 734	**160**	1	**134 487**
Securities borrowing	56 269		**56 269**	-7 642	-48 627		7 305	**63 574**
Client receivables	4 425	-4 424	**1**			**1**	30 738	**30 739**
Assets	**442 051**	**-26 326**	**415 725**	**-160 346**	**-202 133**	**53 246**	**39 640**	**455 365**
Derivatives	190 185	-4 412	**185 773**	-128 112	-35 649	**22 012**	1 199	**186 972**
Repo payables	49 485	-17 490	**31 995**	-24 592	-7 403			**31 995**
Securities lending	44 751		**44 751**	-7 642	-30 744	**6 365**	8	**44 759**
Client payables	4 424	-4 424					30 164	**30 164**
Liabilities	**288 845**	**-26 326**	**262 519**	**-160 346**	**-73 796**	**28 377**	**31 371**	**293 890**
31 Dec 2015								
Derivatives	219 186	-4 514	**214 672**	-133 854	-33 135	**47 683**	879	**215 551**
Reversed repo receivables	71 161	-10 850	**60 311**	-4 604	-55 468	**239**	5	**60 316**
Securities borrowing	22 582	-75	**22 507**	-5 976	-16 531		5 984	**28 491**
Client receivables	335	-333	**2**			**2**	11 752	**11 754**
Assets	**313 264**	**-15 772**	**297 492**	**-144 434**	**-105 134**	**47 924**	**18 620**	**316 112**
Derivatives	192 675	-4 514	**188 161**	-133 854	-49 311	**4 996**	1 878	**190 039**
Repo payables	20 459	-10 850	**9 609**	-4 604	-4 128	**877**		**9 609**
Securities lending	17 538	-75	**17 463**	-5 976	-11 260	**227**	6	**17 469**
Client payables	333	-333					9 812	**9 812**
Liabilities	**231 005**	**-15 772**	**215 233**	**-144 434**	**-64 699**	**6 100**	**11 696**	**226 929**
30 Sep 2015								
Derivatives	254 254	-4 599	**249 655**	-155 671	-34 098	**59 886**	1 144	**250 799**
Reversed repo receivables	119 579	-22 094	**97 485**	-27 809	-69 559	**117**	3	**97 488**
Securities borrowing	31 062		**31 062**	-7 657	-23 405		6 292	**37 354**
Client receivables	9 713	-9 711	**2**			**2**	15 978	**15 980**
Assets	**414 608**	**-36 404**	**378 204**	**-191 137**	**-127 062**	**60 005**	**23 417**	**401 621**
Derivatives	218 558	-4 599	**213 959**	-155 671	-50 400	**7 888**	1 830	**215 789**
Repo payables	59 751	-22 083	**37 668**	-27 809	-9 419	**440**		**37 668**
Securities lending	17 866	-11	**17 855**	-7 657	-10 190	**8**	10 793	**28 648**
Client payables	9 711	-9 711					23 160	**23 160**
Liabilities	**305 886**	**-36 404**	**269 482**	**-191 137**	**-70 009**	**8 336**	**35 783**	**305 265**

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

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

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

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

Non-performing loans – SEB Group

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Individually assessed loans			
Impaired loans	**4 634**	**4 900**	**5 088**
Specific reserves	- 2 036	- 2 044	- 2 167
Collective reserves	- 1 586	- 1 304	- 1 375
Impaired loans net	**1 012**	**1 552**	**1 546**
Specific reserve ratio for individually assessed impaired loans	43.9%	41.7%	42.6%
Total reserve ratio for individually assessed impaired loans	78.2%	68.3%	69.6%
Net level of impaired loans	0.16%	0.20%	0.20%
Gross level of impaired loans	0.29%	0.35%	0.35%
Portfolio assessed loans			
Loans past due > 60 days	2 745	2 922	3 228
Restructured loans	131	205	203
Collective reserves for portfolio assessed loans	- 1 437	- 1 530	- 1 724
Reserve ratio for portfolio assessed loans	50.0%	48.9%	50.3%
Non-performing loans[1]			
Non-performing loans	7 510	8 027	8 519
NPL coverage ratio	68.0%	61.8%	62.5%
NPL per cent of lending	0.47%	0.57%	0.58%

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

Reserves			
Specific reserves	- 2 036	- 2 044	- 2 167
Collective reserves	- 3 023	- 2 834	- 3 099
Reserves for off-balance sheet items	- 47	- 81	- 60
Total reserves	**- 5 106**	**- 4 959**	**- 5 326**

Seized assets – SEB Group

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Properties, vehicles and equipment	874	1 116	1 328
Shares	44	39	39
Total seized assets	**918**	**1 155**	**1 367**

Intangible assets, specification of goodwill impairment – SEB Group

Jan-Sep 2016	Group	Parent
Opening balance	10 003	1 444
Retirements and disposals/impairments	-5 334	-1 444
Exchange rate differences	110	
Acquisition value	**4 779**	**0**
Opening balance		-1 201
Retirements and disposals		1 201
Accumulated depreciations	**0**	**0**
Total	**4 779**	**0**

Event triggering reallocation of goodwill

In conjunction with SEB´s reorganisation as of 1 January 2016 goodwill has been reallocated to appropriate Cash Generating Units (CGUs) The CGU structure for impairment testing purposes before the re-organisation was to a large extent aligned with operating segments, except for Card and Life. The new customer centric organisation will be fundamental for management in steering and measuring the business going forward. Management´s focus on different customer segments will increase and therefore the change of CGU to be aligned with the business unit (BU) combined with geography to reflect the importance of steering and measuring the new customer centric organisation.

Principle for allocation of goodwill

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

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

CGUs	Acquisition year	New allocation 2016	Exchange rate differences	Impairment	Balance 30 Sep 2016	Remaining book value[2)]
Equities & Corp, Sweden & Norway[1)]	*2000*	879		-879	0	645
Transaction Services Poland	*2008*	141		-141	0	373
Internet/Telephone Sweden	*1997*	929		-929	0	0
Retail Norway	*2005*	406		-406	0	0
Card, Norway & Denmark[1)]	*2002/2004*	826	106		932	
Life Sweden	*1996/1997*	2 334	9		2 343	
Life Denmark	*2004*	299	-5	-294	0	3 056
Investment Management Sweden	*1997/1998*	3 117		-1 613	1 504	1 919
Investment Management, Finland & Denmark[1)]	*1997/2002*	340		-340	0	9
Investment Management, UK & BVI[1)]	*2008*	732		-732	0	0
Total		**10 003**	**110**	**-5 334**	**4 779**	

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

2) Internally assessed.

CGUs with no future cash flow

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

Result of impairment test

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

Estimates and assumptions used - future cash flows

Future cash flows

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

Cost of Equity (CoE) - discount rate

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

Sensitivities

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

Assets and liabilities held for sale – SEB Group

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Other assets	451	801	936
Total assets held for sale	**451**	**801**	**936**
Other liabilities			
Total liabilities held for sale	**0**	**0**	**0**

The Baltic division has a divestment plan for investment properties. During the third 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 third quarter was SEK -91m.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Own funds			
Common Equity Tier 1 capital	112 064	107 535	107 480
Tier 1 capital	126 324	121 391	121 448
Total own funds	140 753	135 782	137 072
Own funds requirement			
Risk exposure amount	603 140	570 840	604 206
Expressed as own funds requirement	48 251	45 667	48 337
Common Equity Tier 1 capital ratio	18.6%	18.8%	17.8%
Tier 1 capital ratio	20.9%	21.3%	20.1%
Total capital ratio	23.3%	23.8%	22.7%
Own funds in relation to own funds requirement	2.92	2.97	2.84
Regulatory Common Equity Tier 1 capital requirement including buffer	10.7%	10.5%	10.5%
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	0.7%	0.5%	0.5%
Common Equity Tier 1 capital available to meet buffer [1]	14.1%	14.3%	13.3%
Transitional floor 80% of capital requirement according to Basel I			
Minimum floor own funds requirement according to Basel I	85 621	79 123	80 549
Own funds according to Basel I	140 740	135 478	136 637
Own funds in relation to own funds requirement Basel I	1.64	1.71	1.70
Leverage ratio			
Exposure measure for leverage ratio calculation	2 851 319	2 463 479	2 705 626
of which on balance sheet items	2 402 066	2 094 445	2 308 203
of which off balance sheet items	449 253	369 034	397 423
Leverage ratio	4.4%	4.9%	4.5%

[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 September 2016, the internally assessed capital requirement including insurance risk amounted to SEK 62bn (59). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish Financial Supervisory Authority due to differences in assumptions and methodologies.

Own funds for SEB consolidated situation

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Shareholders equity	21 942	21 942	21 942
Retained earnings	60 239	53 458	53 507
Accumulated other comprehensive income and other reserves	46 923	50 817	49 033
Independently reviewed result [1)]	6 374	16 581	11 980
Total equity according to balance sheet	**135 478**	**142 798**	**136 462**
Deductions related to the consolidated situation and other foreseeable charges [2)]	-11 253	-14 808	-9 482
Common Equity Tier 1 capital before regulatory adjustments [3)]	**124 225**	**127 990**	**126 980**
Additional value adjustments	-1 425	-937	-1 157
Intangible assets	-6 805	-11 942	-11 969
Deferred tax assets that rely on future profitability	-490	-501	-367
Fair value reserves related to gains or losses on cash flow hedges	-2 874	-3 210	-3 772
Negative amounts resulting from the calculation of expected loss amounts	-146	-571	-590
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-68	-145	-227
Defined-benefit pension fund assets	-144	-2 927	-956
Direct and indirect holdings of own CET1 instruments	-172	-179	-179
Securitisation positions with 1,250% risk weight	-37	-43	-283
Total regulatory adjustments to Common Equity Tier 1	**-12 161**	**-20 455**	**-19 500**
Common Equity Tier 1 capital	**112 064**	**107 535**	**107 480**
Additional Tier 1 instruments	9 447	9 258	9 262
Grandfathered additional Tier 1 instruments	4 813	4 598	4 706
Tier 1 capital	**126 324**	**121 391**	**121 448**
Tier 2 instruments	16 845	16 091	16 472
Grandfathered Tier 2 instruments			701
Net provisioning amount for IRB-reported exposures	159	875	1 026
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
Tier 2 capital	**14 429**	**14 391**	**15 624**
Total own funds	**140 753**	**135 782**	**137 072**

[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 deduction for dividend is calculated on profit before impairment of goodwill.

[3)] 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 Sep 2016		31 Dec 2015		30 Sep 2015	
Credit risk IRB approach	**Risk exposure amount**	**Own funds requirement [1]**	**Risk exposure amount**	**Own funds requirement [1]**	**Risk exposure amount**	**Own funds requirement [1]**
Exposures to institutions	25 408	2 033	22 701	1 816	30 281	2 422
Exposures to corporates	335 910	26 873	307 618	24 609	324 883	25 991
Retail exposures	56 277	4 502	53 163	4 253	51 152	4 092
of which secured by immovable property	33 895	2 712	32 784	2 623	29 590	2 367
of which qualifying revolving retail exposures [2]			248	20	254	20
of which retail SME	5 079	406	3 255	260	4 003	320
of which other retail exposures	17 303	1 384	16 876	1 350	17 305	1 385
Securitisation positions	3 169	254	4 114	329	4 025	322
Total IRB approach	**420 764**	**33 662**	**387 596**	**31 007**	**410 341**	**32 827**
Credit risk standardised approach						
Exposures to central governments or central banks	1 431	114	1 425	114	1 000	80
Exposures to regional governments or local authorities	57	5	51	4	39	3
Exposures to public sector entities	7	1	5	0	6	0
Exposures to institutions	1 336	107	1 062	85	2 260	181
Exposures to corporates	16 265	1 301	15 568	1 245	15 643	1 251
Retail exposures	16 029	1 282	14 821	1 186	14 584	1 167
Exposures secured by mortgages on immovable property	3 896	312	4 159	333	4 058	325
Exposures in default	423	34	520	42	458	37
Exposures associated with particularly high risk	1 459	116	1 823	146	1 837	147
Securitisation positions	218	17	208	17	134	11
Exposures in the form of collective investment undertakings (CIU)	61	5	56	4	51	4
Equity exposures	2 009	161	2 182	175	2 189	175
Other items	6 153	492	6 364	509	7 350	588
Total standardised approach	**49 344**	**3 947**	**48 244**	**3 860**	**49 609**	**3 969**
Market risk						
Trading book exposures where internal models are applied	26 413	2 113	34 233	2 739	45 621	3 650
Trading book exposures applying standardised approaches	11 521	922	11 608	929	16 384	1 311
Foreign exchange rate risk	4 252	340	4 778	382	4 013	321
Total market risk	**42 186**	**3 375**	**50 619**	**4 050**	**66 018**	**5 282**
Other own funds requirements						
Operational risk advanced measurement approach	47 427	3 794	47 804	3 824	48 326	3 866
Settlement risk	0	0	1	0	2	0
Credit value adjustment	7 390	591	6 910	553	9 108	729
Investment in insurance business	16 633	1 331	15 525	1 242	15 525	1 242
Other exposures	5 365	429	5 243	419	5 277	422
Additional risk exposure amount [3]	14 031	1 122	8 898	712		
Total other own funds requirements	**90 846**	**7 267**	**84 381**	**6 750**	**78 238**	**6 259**
Total	**603 140**	**48 251**	**570 840**	**45 667**	**604 206**	**48 337**

[1] Own funds requirement 8% of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).
[2] Reported as other retail exposures from 1 January 2016.
[3] Regulation (EU) No 575/2013 (CRR) Article 3.

Change in risk exposure amount (REA)
REA increased by SEK 32bn since year-end 2015. The increase was largely driven by corporate credit volumes and currency effects contributed further to the growth. Market risk REA declined in the first quarter but has been stable since. The Additional REA that was established in the fourth quarter of 2015 in agreement with the SFSA as a measure of prudence, increased by SEK 5.1bn to SEK 14bn.

Risk exposure amount	SEK bn
Balance 31 December 2015	**571**
Volume and mix changes	24
Currency effect	14
Process and regulatory changes	0
Risk class migration	0
Underlying market and operational risk changes	-6
Balance 30 September 2016	**603**

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

IRB reported credit exposures (less repos and securities lending) Average risk-weight	30 Sep 2016	31 Dec 2015	30 Sep 2015
Exposures to institutions	25.9%	24.4%	21.1%
Exposures to corporates	32.1%	32.3%	33.9%
Retail exposures	10.0%	9.8%	9.3%
of which secured by immovable property	6.9%	6.9%	6.2%
of which qualifying revolving retail exposures		42.4%	42.0%
of which retail SME	74.4%	62.9%	70.5%
of which other retail exposures	28.2%	28.4%	28.4%
Securitisation positions	50.2%	46.5%	39.7%

Skandinaviska Enskilda Banken AB (publ.)

Income statement – Skandinaviska Enskilda Banken AB (publ.)

In accordance with FSA regulations	Q3	Q2		Q3		Jan–Sep			Full year
SEK m	**2016**	**2016**	*%*	**2015**	*%*	**2016**	**2015**	*%*	**2015**
Interest income	*7 197*	*7 086*	*2*	*7 200*	*0*	*21 529*	*22 834*	*-6*	*30 092*
Leasing income	*1 350*	*1 365*	*-1*	*1 364*	*-1*	*4 066*	*4 067*	*0*	*5 439*
Interest expense	*-3 682*	*-3 644*	*1*	*-3 741*	*-2*	*-11 083*	*-12 321*	*-10*	*-16 043*
Dividends	*269*	*3 518*	*-92*	*253*	*6*	*5 329*	*6 566*	*-19*	*8 028*
Fee and commission income	*2 785*	*2 887*	*-4*	*2 754*	*1*	*8 577*	*9 193*	*-7*	*12 258*
Fee and commission expense	*- 639*	*- 609*	*5*	*- 711*	*-10*	*-2 079*	*-2 326*	*-11*	*-3 058*
Net financial income	*1 239*	*1 119*	*11*	*807*	*54*	*3 183*	*2 275*	*40*	*3 428*
Other income	*167*	*153*	*9*	*154*	*8*	*556*	*651*	*-15*	*1 137*
Total operating income	**8 686**	**11 875**	***-27***	**8 080**	***8***	**30 078**	**30 939**	***-3***	**41 281**
Administrative expenses	*-3 661*	*-3 943*	*-7*	-3 230	*13*	-11 130	-10 097	*10*	-13 458
Depreciation, amortisation and impairment of tangible and intangible assets	*-1 305*	*-1 639*	*-20*	-1 411	*-8*	-4 456	-4 101	*9*	-5 447
Total operating expenses	**-4 966**	**-5 582**	***-11***	**-4 641**	***7***	**-15 586**	**-14 198**	***10***	**-18 905**
Profit before credit losses	**3 720**	**6 293**	***-41***	**3 439**	***8***	**14 492**	**16 741**	***-13***	**22 376**
Net credit losses	*- 187*	*- 233*	*-20*	- 186	*1*	- 541	- 456	*19*	- 520
Impairment of financial assets[1)]	*- 120*	*- 890*	*-87*	- 237	*-49*	-3 697	- 662		- 775
Operating profit	**3 413**	**5 170**	***-34***	**3 016**	***13***	**10 254**	**15 623**	***-34***	**21 081**
Appropriations	*212*	*347*	*-39*	- 308		555	519	*7*	781
Income tax expense	*- 562*	*- 475*	*18*	- 424	*33*	-1 675	-2 520	*-34*	-3 679
Other taxes		*27*	*-100*			9	10	*-10*	- 138
Net profit	**3 063**	**5 069**	***-40***	**2 284**	***34***	**9 143**	**13 632**	***-33***	**18 045**

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.)

	Q3	Q2		Q3		Jan–Sep			Full year
SEK m	**2016**	**2016**	*%*	**2015**	*%*	**2016**	**2015**	*%*	**2015**
Net profit	**3 063**	**5 069**	***-40***	**2 284**	***34***	**9 143**	**13 632**	***-33***	**18 045**
Items that may subsequently be reclassified to the income statement:									
Available-for-sale financial assets		1 059	*-100*	- 4	*-100*	1 114	- 61		- 423
Cash flow hedges	- 312	- 216	*44*	141		- 338	- 104		- 665
Translation of foreign operations	36	12	*200*	- 23		61	- 7		- 41
Other comprehensive income (net of tax)	**- 276**	**855**		**114**		**837**	**- 172**		**-1 129**
Total comprehensive income	**2 787**	**5 924**	***-53***	**2 398**	***16***	**9 980**	**13 460**	***-26***	**16 916**

Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

Condensed SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Cash and cash balances with central banks	227 651	55 712	116 627
Loans to credit institutions	247 666	166 267	248 172
Loans to the public	1 205 867	1 080 438	1 109 048
Financial assets at fair value	365 957	415 321	494 506
Available-for-sale financial assets	12 679	12 985	13 865
Investments in associates	894	1 001	939
Shares in subsidiaries	50 683	52 398	53 504
Tangible and intangible assets	39 196	40 577	41 010
Other assets	65 862	41 906	49 705
Total assets	**2 216 455**	**1 866 605**	**2 127 376**
Deposits from credit institutions	230 154	134 816	210 670
Deposits and borrowing from the public[1)]	858 334	690 301	754 720
Debt securities	698 900	632 403	703 866
Financial liabilities at fair value	202 895	202 791	236 056
Other liabilities	73 286	53 532	72 190
Provisions	92	144	134
Subordinated liabilities	32 708	31 372	32 718
Untaxed reserves	23 466	23 466	23 103
Total equity	96 620	97 780	93 919
Total liabilities, untaxed reserves and shareholders' equity	**2 216 455**	**1 866 605**	**2 127 376**

1) Private and SME deposits covered by deposit guarantee	114 191	111 990	116 090
Private and SME deposits not covered by deposit guarantee	143 708	124 753	115 605
All other deposits	600 435	453 558	523 025
Total deposits from the public	**858 334**	**690 301**	**754 720**

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

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Pledged assets for own liabilities	420 085	399 047	412 469
Other pledged assets	139 827	135 864	132 962
Pledged assets	**559 912**	**534 911**	**545 431**
Contingent liabilities	90 926	87 798	90 573
Commitments	494 792	434 656	420 929
Contingent liabilities and commitments	**585 718**	**522 454**	**511 502**

Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
Own funds			
Common Equity Tier 1 capital	97 002	91 951	91 666
Tier 1 capital	111 262	105 806	105 634
Total own funds	126 058	119 472	120 402
Own funds requirement			
Risk exposure amount	502 672	478 376	533 379
Expressed as own funds requirement	40 214	38 270	42 670
Common Equity Tier 1 capital ratio	19.3%	19.2%	17.2%
Tier 1 capital ratio	22.1%	22.1%	19.8%
Total capital ratio	25.1%	25.0%	22.6%
Own funds in relation to capital requirement	3.13	3.12	2.82
Regulatory Common Equity Tier 1 capital requirement including buffers	7.9%	7.6%	7.6%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	0.9%	0.6%	0.6%
Common Equity Tier 1 capital available to meet buffers [1)]	14.8%	14.7%	12.7%

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

The internally assessed capital requirement for the parent company amounted to SEK 45bn (44).

Definitions

Return on equity
Net profit attributable to shareholders in relation to average[1] shareholders' equity.

Return on equity excluding one-off items
Net profit excluding one-off items and their related tax effect in relation to average[1] shareholders' equity.

Return on business equity
Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average[1] business equity.

Return on total assets
Net profit attributable to shareholders, in relation to average[1] total assets.

Return on risk exposure amount
Net profit attributable to shareholders in relation to average[1] risk exposure amount.

Cost/income ratio
Total operating expenses in relation to total operating income.

Cost/income ratio excluding one-off items
Total operating expenses excluding one-off items in relation to total operating income excluding one-off items.

Basic earnings per share
Net profit attributable to shareholders in relation to the weighted average[1] number of shares outstanding.

Diluted earnings per share
Net profit attributable to shareholders in relation to the weighted average[2] 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 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 this year's opening balance of loans to the public, loans to credit institutions and loan guarantees less specific, collective and off balance sheet reserves.

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

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

Specific reserve ratio for individually assessed impaired loans
Specific reserves as a percentage of individually assessed impaired loans.

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

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

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

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

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

One-off items
To facilitate the comparison of SEB's underlying operating profit between periods, items that management consider as one-offs are identified and separately described. Affected key figures are presented excluding one-off items.

These non-GAAP financial measures are used by SEB when relevant to assess and describe the performance of SEB and to provide additionally useful information to users' of the financial reports. They are Alternative Performance Measures, APMs, 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. Measures with the same or similar names used by other companies may not have the same definition.

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

[1] 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 regulation for credit risk and market risk. The operational risks are measured and added as risk exposure amount. Risk exposure amounts are only defined for the consolidated situation, excluding insurance entities and items deducted from own funds.

Common Equity Tier 1 capital
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in 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 standardized 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, 257,000 SME and 1,3 million private full-service customers bank with SEB. They are served mainly in eight countries around the Baltic Sea.
Our strategic priorities	Leading customer experience – develop long-term relationships based on trust so that customers feel that the services and advice offered are insightful about their needs, are convenient and accessible on their terms and that SEB shares knowledge and acts proactively in their best interest. Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions, small and medium-sized enterprises in Sweden, and savings offering to private individuals and corporate customers. Resilience and flexibility – maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Resilience is based upon cost and capital efficiency.
Values	Guided by our Code of Business Conduct and our core values: customers first, commitment, collaboration and simplicity.
People	Around 15,300 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