

Interim Report

January – September 2014

STOCKHOLM 23 OCTOBER 2014

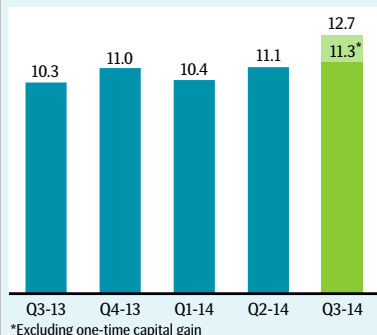
“Once again we notice the fragility of the world economy and that corporate sentiment is becoming more cautious. In this climate, our customer centric business and cost efficiency focus create earnings stability. RoE was 13.3 per cent and CET1 16.2 per cent.”

Annika Falkengren

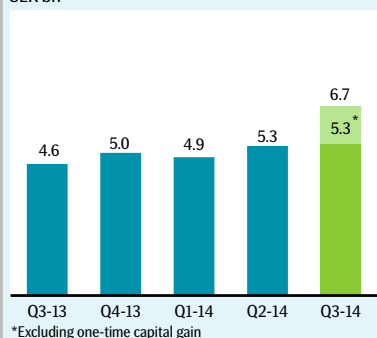


SEB

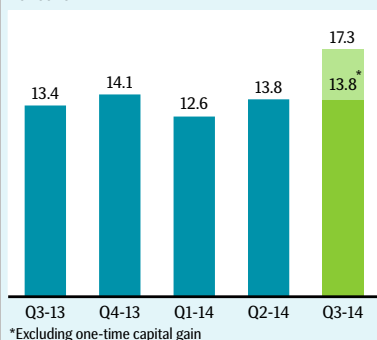
Operating income SEK bn



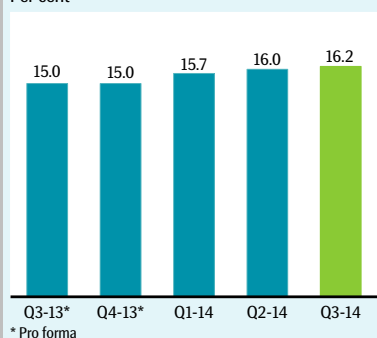
Operating profit SEK bn



Return on Equity Per cent



Common Equity Tier 1 ratio (Basel III) Per cent



First nine months 2014 – SEK 16.8bn operating profit

(Numbers compared with the first nine months 2013)

- Operating income SEK 34.2bn (30.5). Operating expenses SEK 16.4bn (16.6).
- Net credit losses SEK 1.0bn (0.8). Credit loss level 0.10 per cent (0.08).
- Net profit SEK 13.5bn (10.6) and earnings per share SEK 6.19 (4.82).
- Return on equity 14.6 per cent (12.8).

Third quarter 2014* – SEK 6.7bn operating profit

(Numbers compared with the third quarter 2013)

- Operating income SEK 12.7bn (10.3). Operating expenses SEK 5.5bn (5.5).
- Net credit losses SEK 0.5bn (0.3). Credit loss level 0.13 per cent (0.08).
- Net profit SEK 5.5bn (3.8) and earnings per share SEK 2.50 (1.71).
- Return on equity 17.3 per cent (13.4).

Volumes

(Numbers compared with 30 September 2013)

- Lending to the public amounted to SEK 1,363bn (1,282).
- Deposits from the public amounted to SEK 1,045bn (923).
- Assets under management amounted to SEK 1,632bn (1,427).

Capital and funding

(Numbers compared with 30 September 2013)

- The Common Equity Tier 1 capital ratio was 16.2 per cent (15.0).
- The leverage ratio was 4.1 per cent (4.1).
- The Liquidity Coverage Ratio (LCR) was 122 per cent (114).
- The core liquidity reserve amounted to SEK 613bn and the total liquid resources amounted to SEK 840bn.

* During the quarter a one-time capital gain at an amount of SEK 1.3bn (SEK 1.1bn net of tax), was included in the result. Excluding this gain, the operating income would have been SEK 11.3bn, net profit SEK 4.3bn, return on equity 13.8 per cent and earnings per share SEK 1.98.

President's comment

In the third quarter we again experienced how vulnerable the world economy still is. Especially the European economic development is challenging despite massive measures from the ECB to support the real economy. Disappointing economic indicators in Germany including investor confidence decreasing 10 months in a row as well as continued concerns over France, has put the core of Europe firmly in the spotlight. The Nordic financial markets were impacted by the lower activity and we perceive hesitancy among corporate customers to raise activity levels. We continue to live in extraordinary times with very low or no inflation, ultralow interest rates and abundant central bank liquidity support in the euro zone and the US.

Meeting customer needs builds long-term profitability

Client activity increased in the first nine months, especially among our large corporate customers, but was impacted by the more subdued recovery and typical seasonal slowdown in the third quarter. All divisions improved operating income year-on-year in the third quarter as well as in the first nine months. Excluding the capital gain from the divestment of MasterCard shares, a pure financial transaction, operating profit for the first nine months was up 18 per cent. Return on equity was 13.3 per cent excluding MasterCard. The Common Equity Tier 1 capital ratio was 16.2 per cent.

Merchant Banking recorded 18 per cent higher operating profit for the first nine months reflecting strong performance especially in Corporate & Investment Banking. As the leading Nordic corporate bank, we have been supporting our clients in the many IPOs and M&A transactions as well as providing advisory services. The low interest rates and low volatility in the financial markets affected Markets negatively, particularly in the fixed income area, while the equity business benefited from the high IPO activity.

Retail Banking increased its operating profit by 21 per cent in the first nine months. Customers continue to broaden their relationships with SEB and so far this year we have increased the number of private and SME full service customers by 16,400 to close to 625,000. The more subdued business climate is affecting SMEs as well however; demand for corporate credit is low.

In the long-term savings area, both Wealth Management and Life continued to attract net new assets under management. In the Baltic business, demand for corporate credit was continued low in Latvia and Lithuania. GDP growth has slowed in all three countries following the Russia-Ukraine conflict.

Investments in infrastructure key to enhance the customer experience

Customer demands are changing rapidly. To meet customer needs for more global as well as user-friendly services we are actively striving for common solutions for financial infrastructure. In Sweden, the Swish-application for mobile payments is one example. This quarter, we entered into a partnership with Brown Brothers Harriman, a global leader in asset servicing, where financial institutions will be offered state of the art global custody functionality. This strengthens our position as the leading bank for financial institutions in the Nordic area.

Striking the right balance to avoid hampering real growth

In Sweden, the FSA in September took further steps to implement the European capital rules including deciding on a countercyclical buffer of one percent from 2015. In a few days, the ECB will publish the results from its Asset Quality Review and stress test, leading to more transparency on the European banking system. In mid-November, the G20 Brisbane summit is expected to provide more disclosure on regulation. I highly support the ambitions for a stable and more transparent banking system, but regulators need to take a holistic view on the consequences of all initiatives – old and new – so that the rules do not hamper banks in supporting the real economy to get back on track.

Investing for the future

Over the last weeks, we have announced a few senior management appointments in SEB. With my new management team, SEB is now taking the next steps as *the* relationship bank in our part of the world. We are investing and spending more time with our customers. To us in SEB, banking is all about having a long-term perspective and fully focusing on meeting customer needs at all times.



Income +8 %*
Expenses -2 %

Jan-Sep 2014

*Excluding one-time capital gain

Net new AuM
SEK 69bn

Jan-Sep 2014

ROE 13.3 %*
CET1 16.2 %

Jan-Sep 2014

*Excluding one-time capital gain

The Group

Third quarter isolated

Operating profit amounted to SEK 6,665m (4,618) including a one-time capital gain of SEK 1.3bn and net profit (after tax) amounted to SEK 5,473m (3,753).

Operating income

Total operating income amounted to SEK 12,653m (10,324).

Net interest income increased by 9 per cent to SEK 5,172m (4,759).

	Q3	Q2	Q3
SEK m	2014	2014	2013
Customer-driven NII	4 649	4 669	4 286
NII from other activities	523	274	473
Total	5 172	4 943	4 759

The customer-driven net interest income increased by SEK 363m, or 8 per cent, compared with the third quarter 2013. The decrease of SEK 20m compared with the second quarter 2014 is partially a result of the 50 basis points repo rate cut in July. It was counteracted by an increase related to financing of mergers and acquisitions and also improved lending margins.

Net interest income from other activities increased by SEK 50m compared with the corresponding quarter 2013. Compared with the second quarter there was an increase of SEK 249m due to short-term liquidity management, a positive replacement cost of long-term funding and the revised methodology for pricing the funding of mortgage loans in Sweden.

In the beginning of 2014 the internal funds transfer pricing methodology was adjusted to better reflect the duration of corporate and household deposits. The new pricing also mirrors revised regulatory requirements that demand high stability of deposits.

Net fee and commission income amounted to SEK 3,814m (3,735). Net fee and commission income developed positively, in retail and wealth management operations, reflecting an increased activity level in general and the appreciation of stock markets compared with the third quarter 2013. Compared with the second quarter, there was a decrease of SEK 397m due to normal third quarter seasonal effects, especially in the securities lending area.

Net financial income decreased to SEK 654m (825). Market volatilities were low and yield curves flat which led to lower activity levels in the financial markets, in particular within the fixed income business.

Net life insurance income increased by 4 per cent to SEK 829m (794).

Net other income amounted to SEK 2,184m (211). During the quarter there was a one-time capital gain from the sale of shares in MasterCard Inc. The holding dates back to when MasterCard was a member-owned organisation and the transaction will have no effect on the card operations. The

capital gain before tax was SEK 1.3bn. In addition, a number of venture capital deals leading to capital gains were closed.

Operating expenses

Total operating expenses amounted to SEK 5,495m (5,453). Compared with the previous quarter operating expenses were flat.

Credit losses and provisions

Net credit losses amounted to SEK 473m (267). Provisions were made for one specific problem loan in Denmark in which case the company's financial position has been consistently misrepresented in the certified financial accounts. The credit loss level was 13 basis points.

Non-performing loans increased to SEK 9,581m, of which individually assessed impaired loans amounted to SEK 5,433m, the portfolio assessed loans past due >60 days amounted to SEK 3,831m and restructured loans amounted to SEK 317m.

The total reserve ratio for individually assessed impaired loans and the NPL coverage ratio was 79 (83) per cent and 66 (69) per cent, respectively.

Tax expense

Total income tax expense was SEK 1,192m (865) which corresponded to an effective tax rate of 18 per cent. There was a one-time tax effect relating to the capital gain from the sale of MasterCard shares in the amount of SEK 182m.

Other comprehensive income

The other comprehensive income was negative at SEK -220m (2,356).

The net revaluation of the defined benefit pension plans had a positive effect of SEK 132m (2,455). The change from the third quarter last year is primarily driven by a change in the discount rate implemented in the third quarter 2013.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges and available-for-sale financial assets, was negative in the amount of SEK -352m (-99). One reason was that the market value of the MasterCard shares was reclassified into the income statement when the shares were sold.

Comparative numbers - in parenthesis - for the income statement refer to the corresponding period 2013. Business volumes are compared with 30 September 2013, unless otherwise stated.

The first nine months

Operating profit amounted to SEK 16,771m (13,118). Net profit (after tax) amounted to SEK 13,531m (10,556).

Operating income

Total operating income amounted to SEK 34,173m (30,523).

Net interest income increased by 7 per cent to SEK 14,933m (13,895).

SEK m	Jan - Sep		Change
	2014	2013	%
Customer-driven NII	13 844	12 480	11
NII from other activities	1 089	1 415	-23
Total	14 933	13 895	7

The customer-driven net interest income increased by SEK 1,364m year-on-year. The increase was mainly driven by an increase in average lending volumes, and also by M&A related financing and improved lending margins. There was a small positive effect from increased deposit volumes while the deposit margins declined.

Net interest income from other activities decreased by SEK 326m compared with the corresponding period 2013. The change of methodology for the internal funds transfer pricing of deposits outlined on the previous page affected net interest income from other activities for the nine-month period.

Net fee and commission income amounted to SEK 11,753m (10,793). The increase of 9 per cent was due to higher activity in securities lending and increased investment banking activities. Custody and asset management fees increased as a result of higher volumes and asset values.

Net financial income decreased by 10 per cent to SEK 2,578m (2,866). While net financial income was lower, SEB's trading result in general was high, especially in the beginning of the year. The business area Markets within the Merchant Banking division grew operating income in total by 4 per cent year-on-year.

Net life insurance income amounted to SEK 2,491 (2,365). The increase was primarily a result of higher fund values, but also of higher premium volumes. Income in traditional and risk insurance products also improved compared to last year. There was a marked increase in the Danish life business and sales are increasing both in Sweden and Denmark.

Net other income was SEK 2,418m (604). There was a one-time capital gain from the sale of MasterCard Inc. shares in the amount of SEK 1.3bn, before tax. In addition, there were hedge accounting effects, other capital gains and dividend income.

Operating expenses

Total operating expenses amounted to SEK 16,352m, which was a decrease of 2 per cent year-on-year (16,626).

Operating expenses are in line with the previously communicated SEK 22.5bn cost cap.

Credit losses and provisions

Net credit losses amounted to SEK 1,014m (814). The credit loss level was 10 basis points (8).

Non-performing loans amounted to SEK 9,581m, a decrease by SEK 571m compared with a year ago.

Tax expense

SEB's income tax expense reflects that the business is conducted in various geographies. In Sweden, which constitutes 52 per cent of operating profit, the statutory tax rate is 22 per cent. Based on the current geographical earnings mix, including deferred tax accounting and tax exempt capital gains, the effective tax rate for the first nine months of 2014 was 19 per cent. Total income tax expense was SEK 3,240m (2,545).

The Court of Justice of the European Union recently decided, in case C-7/13 Skandia America Corporation, that services provided by a US head office to a Swedish branch are subject to VAT, when the latter belongs to a local Swedish VAT group. This ruling might have a negative impact on the VAT position of SEB in Sweden and some other EU jurisdictions. Further analysis and assessments are, however, required to determine the implications of the ruling for the group.

Discontinued operations

The net result from discontinued operations was 0 (-17).

Other comprehensive income

Other comprehensive income was SEK 545m (2,584). The net revaluation of the defined benefit pension plans had a negative effect of SEK -1,710m (3,140). The market-derived discount rate for the Swedish pension obligation was 3.0 per cent versus 3.8 at year-end 2013. Pension plan assets appreciated.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges and available-for-sale financial assets, was positive in the amount of SEK 2,255m (in 2013, it was negative at -556m). The valuation change was due to interest rates and spreads that decreased during the first nine months of 2014. During the same period 2013 the rates and spreads were increasing or stable. Further, the Swedish krona weakened during 2014.

Business volumes

Total assets at the end of the period were SEK 2,840bn (2,569). Loans to the public amounted to SEK 1,363bn, an increase of SEK 81bn since 30 September 2013 and SEK 60bn since year-end.

	Sep	Dec	Sep
SEK bn	2014	2013	2013
Public administration	53	52	53
Private individuals	515	493	487
Corporate	687	647	637
Repos	86	87	83
Debt instruments	22	24	22
Loans to the public	1 363	1 303	1 282

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 2,077bn (1,845). Year-on-year household volumes in the total credit portfolio increased by SEK 34bn and the combined corporate and property management portfolios increased by SEK 158bn.

Around 90 per cent of the total credit portfolio relates to the Nordic countries and Germany and 6 per cent to the Baltic countries. Net of external guarantees the exposure to Ukraine and Russia amounted to approximately SEK 1.6bn. SEB's business in Ukraine and Russia is focused on lending from SEB's local subsidiaries to local subsidiaries of the bank's core Nordic and German clients.

Deposits from the public amounted to SEK 1,045bn, an increase of SEK 122bn since 30 September 2013 and an increase in the amount of SEK 196bn since the end of 2013.

	Sep	Dec	Sep
SEK bn	2014	2013	2013
Public administration	84	71	92
Private individuals	242	223	213
Corporate	704	544	599
Repos	15	11	19
Deposits and borrowings from the public	1 045	849	923

Since year-end, deposits from households increased by SEK 19bn and deposits from corporates increased by SEK 160bn. Short-term deposits from international asset managers increased by SEK 125bn and other corporate deposits increased by SEK 35bn.

At 30 September 2014, assets under management amounted to SEK 1,632bn (1,427). At year-end they amounted to SEK 1,475bn. The net inflow of assets since year-end was SEK 69bn and the market value increased by SEK 88bn. Assets under custody amounted to SEK 6,732bn (5,814).

Assets and liabilities held for sale

SEB signed an agreement to sell the card acquiring business Euroline AB to Nordic Capital in the second quarter of 2014. The sale price amounted to SEK 2.2bn. Accordingly, the external assets and liabilities relating to Euroline AB were reclassified as assets and liabilities held for sale in the balance sheet. The transaction will close during the fourth quarter this year. The operating profit from Euroline AB for the first nine months amounted to SEK 93m.

Market risk

The trading business is customer flow-driven. This is confirmed by the fact that there have been only two loss-making days during 2014.

During the first nine months, Value-at-Risk (VaR) in the trading operations averaged SEK 98m. 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.

Liquidity and long-term funding

SEB's loan-to-deposit ratio was 122 per cent (130), excluding repos and debt instruments. During the first nine months, SEK 77bn of long-term funding matured and SEK 93bn was issued. 58 per cent of the new issuance constituted covered bonds, 32 per cent senior unsecured securities and 10 per cent subordinated debt.

The core liquidity reserve at the end of the period amounted to SEK 613bn (535). The total liquid resources, including net trading assets and unutilised collateral in the cover pool, amounted to SEK 840bn (717). The Liquidity Coverage Ratio (LCR), according to the rules adapted for Sweden by the Swedish Financial Supervisory Authority, must be at least 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was 122 per cent (114). The USD and EUR LCRs were 299 and 112 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 122 per cent. The Basel Committee's Net Stable Funding Ratio (NSFR) is still not finalised. An update of the proposal was published by the Basel Committee in January 2014. It is currently subject to consultation.

Rating

Fitch revised the outlook of SEB's long-term senior unsecured rating of A+ from stable to positive in June. It was the opinion of Fitch that SEB's profitability and risk profile is increasingly in line with AA- rated banks.

SEB's long-term senior unsecured ratings of A1 by Moody's and A+ by Standard & Poor's are on negative outlook. The reason is Standard and Poor's and Moody's view on the effects from the Bank Recovery and Resolution Directive and the Single Resolution Mechanism regulation on financial institutions in the EU.

Capital position

As of 1 January 2014, the capital requirements under the EU CRR/CRD IV rules, so called Basel III, entered into force. The Capital Requirements Regulation (CRR) applies in EU countries. The Capital Requirements Directive (CRD) was implemented as Swedish law in August and interpreted by the Swedish FSA in September 2014. Refer to page 31 for details on SEB's capital position.

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

Own funds requirement, Basel III	Sep	Dec	Sep
	2014	2013	2013
Risk exposure amount, SEK bn	598	598	610
Common Equity Tier 1 capital ratio, %	16.2	15.0	15.0
Tier 1 capital ratio, %	18.1	17.1	17.1
Total capital ratio, %	20.8	18.1	18.0
Leverage ratio, %	4.1	4.2	4.1

Estimate for respective comparative period based on SEB's interpretation of future regulation.

The capital ratios improved with the 2014 result while the total capital ratio also increased due to a new issue of subordinated debt in the second quarter of 2014.

Long-term financial targets

SEB's minimum and targeted capital levels and composition of the capital base will be revisited in light of the detailed regulations that were outlined by the Swedish FSA. Currently, SEB's long-term financial targets are to:

- pay a yearly dividend that is 40 per cent or more of the earnings per share,
- target a Common Equity Tier 1 capital ratio (Basel III) of 13 per cent, and
- generate return on equity that is competitive with peers.

Long-term, the Bank aspires to reach a return on equity of 15 per cent.

As per 30 September 2014, the Common Equity Tier 1 capital ratio (Basel III) was 16.2 per cent. The return on equity for the first nine months 2014 was 13.3 per cent, excluding the sale of the MasterCard shares.

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 2013 (see pp 36-48). Further information is presented in the Fact Book on a quarterly basis.

The macroeconomic development is slightly more uncertain, the large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks may create direct and indirect effects that are difficult to assess. The market uncertainty increased with the unfolding geopolitical development in Ukraine and the Middle East.

Realignment of management accounting 2014

In order to ensure that the Basel III requirements are fully integrated throughout the organisation, SEB has since 2012 gradually adjusted the management accounting. In 2012 and 2013, SEK 16bn and 23bn of capital, respectively, was allocated to the divisions from the central function. In 2014, another SEK 10bn was allocated.

During the same period, the internal funds transfer prices have been adjusted to more fully reflect the costs of funding and the effects of implementing the Basel III requirements. One such effect in 2014 is the refinement of deposit pricing to

reflect stability characteristics better and which led to higher customer related net interest income in the first nine months compared with 2013 and, consequently, lower net interest income for the treasury function.

During the third quarter, SEB calibrated the calculation for the cost of borrowing for mortgages in order to better reflect the actual costs the bank has for its funding of the mortgage book. As interest rates have fallen sharply in 2014, the difference between average cost and daily spot price has accentuated which triggered the calibration. Consequently, treasury's funding cost which is charged to retail banking – and openly published daily on the external website – was changed to the average of the last three years instead of the current price to reflect the actual cost of funding. For customers, any sharp movements in the price of liquidity will take longer to pass through the cost of borrowing and thus mortgage rates – both up and down.

Management changes

Magnus Carlsson, former head of Merchant Banking was named Deputy President & CEO.

Joachim Alpen, former head of Markets, together with Johan Torgeby, former head of Client Coverage, have been appointed co-heads of the Merchant Banking division and additional members of the Group Executive Committee.

The business areas Life and Wealth Management were organised as two separate divisions. Christoffer Malmer, former head of Financial Institutions Coverage, Merchant Banking has been appointed head of Division Wealth Management. Peter Dahlgren will continue in his capacity as head of Life and thereby head of the Life division. Christoffer Malmer and Peter Dahlgren have been appointed additional members of the Group Executive Committee.

Subsequent event

SEB announced its intention to open the traditional life insurance portfolio in Nya Liv for new savings in the second quarter of 2015.

In connection with the sale of Euroline AB, SEB received the option to invest up to 25 percent in the new card acquiring business Nordic Capital intends to develop. SEB has decided not to use this option.

Stockholm, 23 October 2014

The President declares that the Interim Accounts for January – September 2014 provide a fair overview of the Parent Company's and the Group's operations, their financial positions 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 (CET) on 23 October 2014, at Kungsträdgårdsgatan 8 with 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 3 pm (CET) on 23 October 2014 with the President and CEO Annika Falkengren, the CFO Jan Erik Back and the Head of Investor Relations Ulf Grunnesjö, can be accessed by telephone, +44(0)20 7162 0077 or +46(0)8 5052 0110. Please quote conference id: 948739, and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

Financial information calendar

29 January 2015	Annual accounts 2014
4 March 2015	Annual report 2014
25 March 2015	Annual general meeting
23 April 2015	Interim report January-March 2015
17 July 2015	Interim report January-June 2015
22 October 2015	Interim report January-September 2015

Further information is available from:

Jan Erik Back, Chief Financial Officer
Tel: +46 8 22 19 00
Ulf Grunnesjö, Head of Investor Relations
Tel: +46 8 763 85 01, +46 70 763 85 01
Viveka Hirdman-Ryrberg, Head of Corporate Communications
Tel: +46 8 763 85 77, +46 70 550 35 00

Skandinaviska Enskilda Banken AB (publ)
SE-106 40 Stockholm, Sweden
Telephone: +46 771 62 10 00
www.sebgroup.com
Corporate organisation number: 502032-9081

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

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 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 Accounts Act for Credit Institutions and Securities Companies*, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on *Annual Reports in Credit Institutions and Securities Companies* and the *Supplementary Accounting Rules for Legal Entities (RFR 2)* issued by the Swedish Financial Reporting Board.

From 2014, several new and changed standards are applicable regarding consolidation: IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, IAS 27 *Separate Financial Statements*, IAS 28 *Investments in Associates and Joint Ventures*. These changes have not had a significant impact on the financial reports of the Group or its capital adequacy and large exposure. In the future, the criteria for when a company has control over another company in IFRS 10

may imply consolidation of some funds if facts change, which would imply an increase in total assets. The new and changed standards require more extensive disclosure related to consolidation, particularly regarding interests in structured entities that are not consolidated.

From 2014 a clarification of the requirements for when financial assets and liabilities can be offset according to IAS 32 *Financial Instruments: Presentation* is applicable. Further an amendment of IAS 39 *Financial instruments: Recognition and measurement* makes it, under certain circumstances, possible to continue hedge accounting when a hedging derivative is novated to a clearing counterpart (CCP). The disclosure requirements in IAS 36 *Impairment of Assets* have been amended with regard to the recoverable amount of impaired non-financial assets. These amendments have not had an impact on the financial statements of the Group or on capital adequacy and large exposures.

Starting from 2014 SEB presents impairment of seized tangible assets as Gains less losses from tangible and intangible assets rather than as Depreciation, amortisation and impairment of tangible and intangible assets. The purpose is to better reflect the similar character of impairment of assets that are taken over to protect claims on counterparties and credit losses. The change did not have a material impact on the financial statements of the Group.

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 2013 Annual Report.

Review report

We have reviewed this report for the period 1 January 2014 to 30 September 2014 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, 23 October 2014

PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in charge

Magnus Svensson Henryson
Authorised Public Accountant

The SEB Group

Income statement – SEB Group

SEK m	Q3			Q2			Q3			Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%	2013	
Net interest income	5 172	4 943	5	4 759	9	14 933	13 895	7	18 827				
Net fee and commission income	3 814	4 211	-9	3 735	2	11 753	10 793	9	14 664				
Net financial income	654	845	-23	825	-21	2 578	2 866	-10	4 052				
Net life insurance income	829	844	-2	794	4	2 491	2 365	5	3 255				
Net other income	2 184	234		211		2 418	604		755				
Total operating income	12 653	11 077	14	10 324	23	34 173	30 523	12	41 553				
Staff costs	-3 392	-3 493	-3	-3 474	-2	-10 346	-10 643	-3	-14 029				
Other expenses	-1 549	-1 549		-1 457	6	-4 529	-4 519	0	-6 299				
Depreciation, amortisation and impairment of tangible and intangible assets	- 554	- 477	16	- 522	6	-1 477	-1 464	1	-1 959				
Total operating expenses	-5 495	-5 519	0	-5 453	1	-16 352	-16 626	-2	-22 287				
Profit before credit losses	7 158	5 558	29	4 871	47	17 821	13 897	28	19 266				
Gains less losses from tangible and intangible assets	- 20	- 24	-17	14		- 36	35		16				
Net credit losses	- 473	- 283	67	- 267	77	-1 014	- 814	25	-1 155				
Operating profit	6 665	5 251	27	4 618	44	16 771	13 118	28	18 127				
Income tax expense	-1 192	-1 077	11	- 865	38	-3 240	-2 545	27	-3 338				
Net profit from continuing operations	5 473	4 174	31	3 753	46	13 531	10 573	28	14 789				
Discontinued operations							- 17	-100	- 11				
Net profit	5 473	4 174	31	3 753	46	13 531	10 556	28	14 778				
Attributable to minority interests	1			2	-50	1	6	-83	7				
Attributable to shareholders	5 472	4 174	31	3 751	46	13 530	10 550	28	14 771				
Continuing operations													
Basic earnings per share, SEK	2.50	1.90		1.71		6.19	4.82		6.74				
Diluted earnings per share, SEK	2.48	1.89		1.70		6.15	4.79		6.69				
Total operations													
Basic earnings per share, SEK	2.50	1.90		1.71		6.19	4.82		6.74				
Diluted earnings per share, SEK	2.48	1.89		1.70		6.15	4.78		6.69				

Statement of comprehensive income – SEB Group

SEK m	Q3			Q2			Q3			Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%	2013	
Net profit	5 473	4 174	31	3 753	46	13 531	10 556	28	14 778				
<i>Items that may subsequently be reclassified to the income statement:</i>													
Available-for-sale financial assets	- 844	294		248		- 143	660	-122	1 105				
Cash flow hedges	616	887	-31	- 57		2 149	-1 255		- 905				
Translation of foreign operations	- 124	394	-131	- 290	-57	249	39		403				
<i>Items that will not be reclassified to the income statement:</i>													
Defined benefit plans	132	-1 985	-107	2 455	-95	-1 710	3 140	-154	5 083				
Other comprehensive income (net of tax)	- 220	- 410	- 46	2 356	-109	545	2 584	- 79	5 686				
Total comprehensive income	5 253	3 764	40	6 109	-14	14 076	13 140	7	20 464				
Attributable to minority interests	1			1		2	2		6				
Attributable to shareholders	5 252	3 764	40	6 108	-14	14 074	13 138	7	20 458				

Balance sheet – SEB Group

SEK m	30 Sep 2014	31 Dec 2013	30 Sep 2013
Cash and cash balances with central banks	277 806	173 950	259 103
Other lending to central banks	5 752	9 661	5 964
Loans to other credit institutions ¹⁾	141 565	102 623	113 819
Loans to the public	1 362 932	1 302 568	1 281 543
Financial assets at fair value *	922 133	776 624	780 341
Available-for-sale financial assets *	47 970	48 903	46 074
Held-to-maturity investments *	88	85	84
Assets held for sale	719		
Investments in associates	1 284	1 274	1 218
Tangible and intangible assets	28 083	28 924	28 955
Other assets	52 164	40 222	51 806
Total assets	2 840 496	2 484 834	2 568 907
Deposits from central banks and credit institutions	205 455	176 191	215 761
Deposits and borrowing from the public	1 045 268	849 475	923 143
Liabilities to policyholders	347 248	315 512	302 925
Debt securities	730 124	713 990	702 976
Other financial liabilities at fair value	260 568	213 945	214 660
Liabilities held for sale	1 064		
Other liabilities	89 420	68 106	69 036
Provisions	2 747	1 992	2 648
Subordinated liabilities	29 995	22 809	22 087
Total equity	128 607	122 814	115 671
Total liabilities and equity	2 840 496	2 484 834	2 568 907
* Of which bonds and other interest bearing securities.	382 020	425 034	444 091

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

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	30 Sep 2014	31 Dec 2013	30 Sep 2013
Collateral pledged for own liabilities ¹⁾	477 531	363 946	376 099
Assets pledged for liabilities to insurance policyholders	347 247	325 717	302 925
Collateral and comparable security pledged for own liabilities	824 778	689 663	679 024
Other pledged assets and comparable collateral ²⁾	137 817	111 914	139 120
Contingent liabilities	112 537	103 399	97 710
Commitments	616 722	486 844	451 159

1) Of which collateralised for covered bonds SEK 357,107m (345,602/331,754).

2) Securities lending SEK 65,221m (58,046/62,896) and pledged but unencumbered bonds SEK 70,296m (50,367/76,225).

Key figures – SEB Group

Total operations	Q3	Q2	Q3	Jan - Sep		Full year
	2014	2014	2013	2014	2013	2013
Return on equity, %	17.34	13.77	13.37	14.55	12.76	13.11
Return on total assets, %	0.80	0.61	0.59	0.67	0.55	0.58
Return on risk exposure amount, %	3.65	2.81	2.44	3.04	2.24	2.38
Cost/income ratio	0.43	0.50	0.53	0.48	0.54	0.54
Basic earnings per share, SEK	2.50	1.90	1.71	6.19	4.82	6.74
Weighted average number of shares, millions ¹⁾	2 190	2 186	2 192	2 185	2 191	2 191
Diluted earnings per share, SEK	2.48	1.89	1.70	6.15	4.78	6.69
Weighted average number of diluted shares, millions ²⁾	2 203	2 204	2 206	2 201	2 207	2 207
Net worth per share, SEK	65.03	62.47	58.76	65.03	58.76	62.10
Equity per share, SEK	58.70	56.27	52.72	58.70	52.72	56.33
Average shareholders' equity, SEK, billion	126.2	121.3	112.2	124.0	110.2	112.6
Credit loss level, %	0.13	0.08	0.08	0.10	0.08	0.09
Liquidity Coverage Ratio (LCR) ³⁾ , %	122	127	114	122	114	129
<u>Own funds requirement, Basel III⁴⁾</u>						
Risk exposure amount, SEK m	598 063	598 162	610 134	598 063	610 134	598 324
Expressed as own funds requirement, SEK m	47 845	47 853	48 811	47 845	48 811	47 866
Common Equity Tier 1 capital ratio, %	16.2	16.0	15.0	16.2	15.0	15.0
Tier 1 capital ratio, %	18.1	17.9	17.1	18.1	17.1	17.1
Total capital ratio, %	20.8	20.5	18.0	20.8	18.0	18.1
Number of full time equivalents ⁵⁾	15 777	15 771	15 762	15 671	15 925	15 870
Assets under custody, SEK bn	6 732	6 161	5 814	6 732	5 814	5 958
Assets under management, SEK bn	1 632	1 605	1 427	1 632	1 427	1 475

1) The number of issued shares was 2,194,171,802. SEB owned 14,421,073 Class A shares for the equity based programmes at year end 2013. During 2014 SEB has not repurchased any shares and 10,731,114 shares have been sold. Thus, as at 30 September 2014 SEB owned 3,689,959 Class A-shares with a market value of SEK 356m.

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

3) According to Swedish FSA regulations for respective period.

4) Estimate for respective comparative period based on SEB's interpretation of future regulation.

5) Quarterly numbers are for last month 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	Q2	Q1	Q4	Q3
	2014	2014	2014	2013	2013
Net interest income	5 172	4 943	4 818	4 932	4 759
Net fee and commission income	3 814	4 211	3 728	3 871	3 735
Net financial income	654	845	1 079	1 186	825
Net life insurance income	829	844	818	890	794
Net other income	2 184	234	0	151	211
Total operating income	12 653	11 077	10 443	11 030	10 324
Staff costs	-3 392	-3 493	-3 461	-3 386	-3 474
Other expenses	-1 549	-1 549	-1 431	-1 780	-1 457
Depreciation, amortisation and impairment of tangible and intangible assets	- 554	- 477	- 446	- 495	- 522
Total operating expenses	-5 495	-5 519	-5 338	-5 661	-5 453
Profit before credit losses	7 158	5 558	5 105	5 369	4 871
Gains less losses from tangible and intangible assets	- 20	- 24	8	- 19	14
Net credit losses	- 473	- 283	- 258	- 341	- 267
Operating profit	6 665	5 251	4 855	5 009	4 618
Income tax expense	-1 192	-1 077	- 971	- 793	- 865
Net profit from continuing operations	5 473	4 174	3 884	4 216	3 753
Discontinued operations				6	
Net profit	5 473	4 174	3 884	4 222	3 753
Attributable to minority interests	1			1	2
Attributable to shareholders	5 472	4 174	3 884	4 221	3 751
Continuing operations					
Basic earnings per share, SEK	2.50	1.90	1.77	1.93	1.71
Diluted earnings per share, SEK	2.48	1.89	1.76	1.92	1.70
Total operations					
Basic earnings per share, SEK	2.50	1.90	1.77	1.93	1.71
Diluted earnings per share, SEK	2.48	1.89	1.76	1.92	1.70

Income statement by Division – SEB Group

Jan-Sep 2014, SEK m	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	SEB Group
Net interest income	6 310	6 165	539	- 35	1 659	318	- 23	14 933
Net fee and commission income	4 358	3 107	2 687		783	57	761	11 753
Net financial income	2 376	237	123		222	- 380		2 578
Net life insurance income				3 615			-1 124	2 491
Net other income	706	90	190		- 25	1 476	- 19	2 418
Total operating income	13 750	9 599	3 539	3 580	2 639	1 471	- 405	34 173
Staff costs	-2 732	-2 021	- 886	- 913	- 512	-3 320	38	-10 346
Other expenses	-3 475	-2 169	- 994	- 367	- 697	2 806	367	-4 529
Depreciation, amortisation and impairment of tangible and intangible assets	- 93	- 46	- 31	- 723	- 69	- 515		-1 477
Total operating expenses	-6 300	-4 236	-1 911	-2 003	-1 278	-1 029	405	-16 352
Profit before credit losses	7 450	5 363	1 628	1 577	1 361	442		17 821
Gains less losses from tangible and intangible assets	- 12				- 25	1		- 36
Net credit losses	- 518	- 365	- 17		- 114			-1 014
Operating profit	6 920	4 998	1 611	1 577	1 222	443		16 771

SEB's markets

SEB offers universal financial advice and services in Sweden and the Baltic countries. In Denmark, Finland, Norway and Germany, the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. In addition, SEB serves its corporate and institutional customers through its international network.

Profit per country

Distribution by country Jan - Sep										Operating profit in local currency		
SEK m	Total operating income			Total operating expenses			Operating profit			2014	2013	%
	2014	2013	%	2014	2013	%	2014	2013	%			
Sweden	19 882	18 319	9	-10 407	-10 846	- 4	8 684	7 139	22	8 684	7 139	22
Norway	3 068	2 350	31	- 859	- 895	- 4	2 143	1 398	53	1 963	1 247	57
Denmark	2 349	2 201	7	- 936	- 975	- 4	1 271	1 181	8	1 049	1 026	2
Finland	1 397	1 169	20	- 520	- 448	16	871	716	22	96	83	16
Germany*	2 481	2 169	14	-1 272	-1 275	0	1 293	828	56	143	97	47
Estonia	910	847	7	- 403	- 387	4	497	486	2	55	57	- 4
Latvia	720	725	- 1	- 382	- 360	6	248	174	43	27	20	35
Lithuania	1 206	1 059	14	- 535	- 553	- 3	633	465	36	242	187	29
Other countries and eliminations	2 160	1 684	28	-1 038	- 887	17	1 131	731	55			
Total	34 173	30 523	12	-16 352	-16 626	- 2	16 771	13 118	28			

*Excluding centralised Treasury operations

- Significant year-on-year improvements in operating profit
- Generally reduced operating expenses
- The sale of shares in MasterCard Inc. affected Sweden and Norway positively

Comments on the first nine months

In *Sweden*, operating profit represented 52 per cent of the group total and increased by 22 per cent year-on-year (13 per cent excluding the divestment of MasterCard shares).

Continued growth in both the corporate and private segments led to higher lending and deposit volumes which contributed to a higher net interest income year-on-year. Also, higher investment banking activity contributed positively to income. Operating expenses decreased by 4 per cent.

In *Norway*, operating profit increased by 53 per cent (6 per cent excluding the divestment of MasterCard shares).

Business activity in general stayed high. Operating expenses decreased by 4 per cent.

In *Denmark*, operating profit increased by 8 per cent. Both corporate banking and Life saw positive developments. A large specific provision for credit losses reduced operating income and increased net credit losses. SEB applies a 'One Name Lending' concept in the Nordic countries in which loan administration for the Nordic branches is managed from Sweden and as a consequence loan losses are recorded in Sweden. To reflect management accounting correctly in the geographical dimension, the Nordic branches are attributed

all income and provisions of the specific loan over income since the risk is carried locally. Total expenses in Denmark were down by 4 per cent.

In *Finland*, operating profit increased by 22 per cent year-on-year. Operating profit in Merchant Banking increased by 22 per cent even though one-off effects increased expenses by 15 per cent. Wealth Management increased operating profit by 10 per cent by increasing income and lowering expenses. Card increased income by 32 per cent.

In *Germany*, operating profit was 56 per cent higher year-on-year. The operating profit of Merchant Banking was 60 per cent higher mainly driven by the results in Markets and Investment Banking. SEB's position in the German corporate banking market improved further through cross-selling initiatives, new bond mandates and new clients.

In *Estonia* operating profit was stable while challenged by the economic development in Finland and Russia. In *Latvia*, operating profit increased as the credit losses were less than half of those in the first nine months 2013. In *Lithuania* income was up, expenses down and the asset quality improved. See also the information on the Baltic division.

Merchant Banking

The Merchant Banking division offers commercial and investment banking services to large corporate and institutional clients, mainly in the Nordic region and Germany. Customers are also served through an extensive international presence.

Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%	2013	
Net interest income	2 073	2 218	-7	1 862	11	6 310	5 394	17	7 356				
Net fee and commission income	1 201	1 752	-31	1 535	-22	4 358	4 129	6	5 498				
Net financial income	623	785	-21	712	-13	2 376	2 567	-7	3 601				
Net other income	642	101		169		706	188		274				
Total operating income	4 539	4 856	-7	4 278	6	13 750	12 278	12	16 729				
Staff costs	- 911	- 929	-2	- 919	-1	-2 732	-2 769	-1	-3 703				
Other expenses	-1 165	-1 156	1	-1 112	5	-3 475	-3 329	4	-4 456				
Depreciation, amortisation and impairment of tangible and intangible assets	- 30	- 31	-3	- 36	-17	- 93	- 112	-17	- 148				
Total operating expenses	-2 106	-2 116	0	-2 067	2	-6 300	-6 210	1	-8 307				
Profit before credit losses	2 433	2 740	-11	2 211	10	7 450	6 068	23	8 422				
Gains less losses from tangible and intangible assets		- 12	-100	- 1	-100	- 12	- 1		- 18				
Net credit losses	- 322	- 144	124	- 99		- 518	- 183	183	- 233				
Operating profit	2 111	2 584	-18	2 111		6 920	5 884	18	8 171				
Cost/Income ratio	0.46	0.44		0.48		0.46	0.51		0.50				
Business equity, SEK bn	53.5	52.7		50.2		52.3	49.2		48.8				
Return on business equity, %	12.2	15.1		13.0		13.6	12.3		12.9				
Number of full time equivalents ¹⁾	2 211	2 216		2 216		2 210	2 258		2 245				

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

- Operating profit improved by 18 per cent
- Increased IPO and M&A activity
- Higher credit losses due to one specific problem loan in Denmark with misrepresented certified financial accounts

Comments on the first nine months

The fragile recovery of the world economy continued into the third quarter but the picture was more scattered. The US economy continued its upturn but the euro zone development was less positive. The Nordic countries exhibited divergent growth patterns with Sweden leading the way but with Finland lagging behind partly affected by the sanctions against Russia. Central banks continued to take active measures and rate cuts were an integral part.

Client activity in the first nine months increased compared to last year. Global activity within the IPO and M&A markets increased significantly. Competition continued to be high, still to a large degree affected by excess supply of liquidity. SEB strengthened the position with financial institutions through an external partnership – offering customers state-of-the-art global custody services functionality.

Operating income for the first nine months amounted to SEK 13,750m, an increase of 12 per cent year-on-year. Income improved across most business areas. Operating expenses were almost flat at SEK 6,300m. Asset quality in general remained high. Net credit losses increased to SEK 518m mainly due to one specific problem loan in Denmark in which case the company's financial position was misrepresented in

the certified financial accounts. The credit loss level was maintained low at 11 basis points. Operating profit amounted to SEK 6,920m, an increase of 18 per cent versus the first nine months last year.

Markets performed on the same level as the first nine months last year but with a different income composition. Fixed income operations were challenged by low interest rates and volatility levels. FX performed better than last year but was also affected by low volatility. The equities business presented a relatively strong performance, partly driven by the equity capital market area. *Transaction Banking* delivered an improved result where volume growth compensated for the negative effects from rate cuts. Assets under custody amounted to SEK 6,732bn. *Corporate & Investment Banking* outperformed last year. Strong advisory performance paired with event-driven client activity lead to a major improvement.

The strategic work to grow and broaden SEB's business in the Nordic countries and Germany continued successfully. This was confirmed, among other things, in Germany where the first Prospera survey ever covering SEB's targeted corporate segment in the country showed that SEB was the bank clients were most willing to recommend.

Retail Banking

The Retail Banking 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.

Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%	2013	
Net interest income	1 984	2 119	-6	1 956	1	6 165	5 709	8	7 729				
Net fee and commission income	1 072	1 053	2	1 003	7	3 107	2 979	4	4 045				
Net financial income	75	82	-9	84	-11	237	278	-15	384				
Net other income	22	20	10	20	10	90	59	53	85				
Total operating income	3 153	3 274	-4	3 063	3	9 599	9 025	6	12 243				
Staff costs	- 674	- 673	0	- 725	- 7	-2 021	-2 238	-10	-2 903				
Other expenses	- 693	- 753	-8	- 729	-5	-2 169	-2 227	-3	-3 034				
Depreciation, amortisation and impairment of tangible and intangible assets	- 17	- 16	6	- 14	21	- 46	- 50	-8	- 63				
Total operating expenses	-1 384	-1 442	-4	-1 468	-6	-4 236	-4 515	-6	-6 000				
Profit before credit losses	1 769	1 832	-3	1 595	11	5 363	4 510	19	6 243				
Gains less losses from tangible and intangible assets												1	
Net credit losses	- 95	- 135	-30	- 97	-2	- 365	- 382	-4	- 501				
Operating profit	1 674	1 697	-1	1 498	12	4 998	4 128	21	5 743				
Cost/Income ratio	0.44	0.44		0.48		0.44	0.50		0.49				
Business equity, SEK bn	24.5	24.4		20.1		24.4	20.2		20.2				
Return on business equity, %	21.1	21.4		23.0		21.0	21.0		21.9				
Number of full time equivalents ¹⁾	3 398	3 453		3 342		3 363	3 479		3 452				

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

- Operating profit increased by 21 per cent
- Low interest rates and a cautious climate among corporate customers
- Enhanced customer functionality

Comments on the first nine months

Operating profit increased by 21 per cent compared with the same period in 2013, primarily driven by continued growth of the corporate franchise and the Swedish residential mortgage market in combination with higher margins. Operating expenses decreased by 6 per cent to SEK 4 236m.

Net interest income for the first nine months was SEK 6,165m (5,709). The third quarter net interest income declined due to the 50 basis points repo rate cut in July. Commission income increased by SEK 129m year-on-year mainly due to higher commissions in the payments business.

As a result of the slow recovery of the European economies and the uncertain geopolitical situation, corporate customers' willingness to invest was low. Corporate lending was nearly unchanged at SEK 170bn. The number of full-service customers in the corporate segment grew by 7,800 and amounted to 147,400.

The number of full-service customers in the private segment increased by 8,600 during the year to 474,600. The

mortgage portfolio growth rate was unchanged compared to the beginning of the year. Household savings increased during the first nine months and the net inflow into SEB's mutual funds increased by SEK 7.3bn. Total deposits amounted to SEK 233bn.

Several improvements in the customer offering were made. For instance, a new upgraded internet bank for corporate customers was launched in the third quarter. SEB was first out among banks supporting Visa AutoPay, a corporate payment service which automates and simplifies payments between customers' business systems and their bank. As part of the strategic work to support young entrepreneurs, a new concept, 'Enkla firman student', was launched – an offering aimed at students starting out as entrepreneurs.

The customer satisfaction survey, the Swedish Quality Index, showed that SEB's position among private and corporate customers improved significantly.

Wealth Management

The Wealth Management division offers a full spectrum of asset management and advisory services to institutions and high net-worth individuals, including the leading Nordic private banking offering.

Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year 2013
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%		
Net interest income	162	194	-16	174	-7	539	511	5	675				
Net fee and commission income	943	895	5	752	25	2 687	2 405	12	3 332				
Net financial income	27	45	-40	14	93	123	104	18	154				
Net other income	126	57	121	1		190	63		71				
Total operating income	1 258	1 191	6	941	34	3 539	3 083	15	4 232				
Staff costs	-274	-305	-10	-301	-9	-886	-915	-3	-1 214				
Other expenses	-344	-318	8	-304	13	-994	-954	4	-1 351				
Depreciation, amortisation and impairment of tangible and intangible assets	-12	-9	33	-9	33	-31	-28	11	-42				
Total operating expenses	-630	-632	0	-614	3	-1 911	-1 897	1	-2 607				
Profit before credit losses	628	559	12	327	92	1 628	1 186	37	1 625				
Gains less losses from tangible and intangible assets													
Net credit losses	-17			-6	183	-17	-6	183	-15				
Operating profit	611	559	9	321	90	1 611	1 180	37	1 610				
Cost/Income ratio	0.50	0.53		0.65		0.54	0.62		0.62				
Business equity, SEK bn	8.4	8.4		8.4		8.6	8.4		8.3				
Return on business equity, %	22.4	20.5		11.8		19.2	14.5		14.9				
Number of full time equivalents ¹⁾	887	893		876		883	897		891				

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

- Operating profit improved by 37 per cent and assets under management reached a record high of SEK 1,563bn
- Private Banking continued to attract new clients and volumes
- All-time high in sales for Institutional Clients

Comments on the first nine months

There was sustained confidence among investors during the first half of 2014. However, the increased uncertainty about the world economy decreased the risk appetite in the third quarter limiting stock market growth.

Total assets under management increased by 17 per cent compared to one year ago and amounted to a record high of SEK 1,563bn (1,341). The average assets under management increased as a result of higher net inflows in combination with a positive stock market development. Margins were slightly lower.

The operating profit was up 37 per cent compared to the same period last year. Base commissions increased to SEK 2,240m as a result of the higher average asset values. Brokerage fees and net interest income increased by 9 and 5 per cent, respectively, compared to first nine months 2013. Performance and transaction fees increased from SEK 122m to 172m. Operating expenses were stable year-on-year.

Private Banking attracted SEK 29bn of new volumes during the first nine months, which was slightly higher than last year. The growth was mainly in the high net-worth

individual segment across all geographic markets. *Private Banking* customers were also very active investors in many of the initial public offerings carried out during the first nine months.

For *Institutional Clients*, the first nine months were marked by a new all-time high in sales and several new mandates were won. Since year-end, net new volumes increased by SEK 38bn. The launch of new Tier 1 products, such as SEB Micro Finance Fund 2, continued to attract interest from customers. In total some 50 customers have invested SEK 1bn in micro finance funds.

Funds managed by SEB grew as a share of customers' net investments. The increased demand for SEB's allocation products among the private customers, such as SEB strategy funds, continued during the period. Managed assets for allocation products increased by 40 per cent since year-end.

Life

The Life division offers life insurance products with a focus on unit-linked insurance for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.

Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year
	2014	2014	%	2013	%	2013	%	2014	2013	%	2013		
Net interest income	- 12	- 11	9	- 10	20	- 35	- 46	-24	- 55				
Net life insurance income	1220	1208	1	1155	6	3 615	3 397	6	4 645				
Total operating income	1 208	1 197	1	1 145	6	3 580	3 351	7	4 590				
Staff costs	- 302	- 311	-3	- 297	2	- 913	- 886	3	-1186				
Other expenses	- 130	- 141	-8	- 131	-1	- 367	- 428	-14	- 577				
Depreciation, amortisation and impairment of tangible and intangible assets	- 245	- 250	-2	- 229	7	- 723	- 696	4	- 935				
Total operating expenses	- 677	- 702	-4	- 657	3	-2 003	-2 010	0	-2 698				
Profit before credit losses	531	495	7	488	9	1 577	1 341	18	1 892				
Operating profit	531	495	7	488	9	1 577	1 341	18	1 892				
Cost/Income ratio	0.56	0.59		0.57		0.56	0.60		0.59				
Business equity, SEK bn	8.2	8.2		8.2		8.2	8.2		8.2				
Return on business equity, %	22.5	21.0		20.7		22.2	18.9		20.0				
Number of full time equivalents ¹⁾	1305	1308		1358		1311	1340		1343				

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

- Operating profit increased by 18 per cent
- Continued strong growth in premiums paid and assets under management
- Number one in customer satisfaction in Denmark for the fourth time in a row

Comments on the first nine months

SEB continued to build a strong customer offer and the latest product launched is a Swedish portfolio bond. The trend with increasing demand for traditional life insurance in Sweden continued. As a result SEB will re-open the traditional life portfolio, i.e. the company Nya Liv, in the second quarter of 2015.

For the fourth time in a row, SEB Pension in Denmark came out as number 1 in both customer satisfaction and customer loyalty in the rating from the analysis company Aalund. The customers appreciated SEB's forefront position regarding digital channels and customer interaction-tools.

Operating profit for the first nine months increased by 18 per cent to SEK 1,577m (1,341). The unit-linked related business grew by 6 per cent and continued to represent a major part of total income. The increase was primarily a result of higher fund values, but also of higher premium volumes. Income in traditional and risk insurance products also improved compared to last year. In total, operating income increased by 7 per cent year-on-year.

Expenses were unchanged. Sales expenses to sales channels increased by 4 per cent due to higher sales volumes. Expenses before sales commissions decreased by 3 per cent.

Total premium income relating to both new and existing policies increased. The first nine months' premium income amounted to SEK 27bn, which was 18 per cent higher than last year.

The weighted sales volume of new policies increased by 12 per cent to SEK 33bn. The unit-linked related segment represented 85 per cent of sales (86) and the share of corporate paid policies increased to 75 per cent (70).

The total fund value in the unit-linked related segment amounted to SEK 260bn which was SEK 26bn higher than at year-end. From the beginning of the year, the net inflow was SEK 5bn and the appreciation in value was SEK 21bn. Total assets under management amounted to SEK 546bn ¹⁾.

¹⁾ IPS and pension funds are included from 2014 with a volume of SEK 28bn.

Baltic

The Baltic 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. The full Baltic geographical segmentation, including other activities in the region, is reported in SEB's Fact Book.

Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year 2013
	2014	2014	%	2013	%	2014	2013	%	2014	2013	%		
Net interest income	569	558	2	526	8	1 659	1 463	13	1 992				
Net fee and commission income	276	261	6	248	11	783	722	8	984				
Net financial income	74	73	1	98	-24	222	288	-23	449				
Net other income	- 8	- 11	-27	- 5	60	- 25	- 20	25	- 32				
Total operating income	911	881	3	867	5	2 639	2 453	8	3 393				
Staff costs	- 173	- 175	-1	- 161	7	- 512	- 474	8	- 650				
Other expenses	- 234	- 227	3	- 241	-3	- 697	- 721	-3	- 992				
Depreciation, amortisation and impairment of tangible and intangible assets	- 23	- 22	5	- 22	5	- 69	- 66	5	- 106				
Total operating expenses	- 430	- 424	1	- 424	1	- 1 278	- 1 261	1	- 1 748				
Profit before credit losses	481	457	5	443	9	1 361	1 192	14	1 645				
Gains less losses from tangible and intangible assets	- 21	- 12	75	15		- 25	36	-169	40				
Net credit losses	- 39	- 4		- 66	-41	- 114	- 242	-53	- 405				
Operating profit	421	441	- 5	392	7	1 222	986	24	1 280				
Cost/Income ratio	0.47	0.48		0.49		0.48	0.51		0.52				
Business equity, SEK bn	8.9	9.2		8.5		9.1	8.9		8.8				
Return on business equity, %	16.9	17.1		16.4		16.0	13.1		12.9				
Number of full time equivalents ¹⁾	2 759	2 780		2 794		2 779	2 797		2 799				

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

Baltic Banking (excl RHC)

Operating profit	469	480	- 2	404		1 328	1 027	29	1 348
Cost/Income ratio	0.45	0.46		0.47		0.46	0.49		0.49
Business equity, SEK bn	8.4	8.7		8.1		8.7	8.6		8.4
Return on business equity, %	19.8	19.5		17.7		18.2	14.2		14.2

- Operating profit increased by 24 per cent
- GDP growth slowing down
- SEB Baltic Innovation Lab rolled out

Comments on the first nine months

Baltic households have benefited from stronger real incomes and from low interest rates. Unemployment rates have also continued to shrink. GDP growth has, however, slowed in each of the Baltic economies, with the slowdown largely connected to the Russia-Ukraine conflict. Estonia's export-dependent economy was worst hit, and was squeezed by both slower Russian growth and by sluggish trading with Finland.

Loan volumes amounted to SEK 102bn (100). Lending margins remained relatively stable across the portfolio, with slightly higher margins on new loans.

The home banking customers increased by 16,000 year-on-year and deposit volumes totalled SEK 81bn (70). Despite the low deposit margins prevailing in each of the Baltic countries, net interest income increased 13 per cent year-on-year.

Operating profit was 24 per cent higher year-on-year and non-performing loans declined by 27 per cent. The credit loss level was 14 basis points for the first nine months.

SEB's Baltic Innovation Lab aimed at the corporate customers was rolled out. Through information and discussions in workshops businesses are guided to innovation and assisted in resolving business problems. Innovation lab has a proven track record especially for start-up companies in an environment of limited resources.

SEB won awards from Global Finance magazine as the best consumer internet bank in Latvia and Estonia. In Estonia, the Tallinn City government named SEB as one of the most Socially Responsible companies of the year.

The real estate holding companies held assets at a total book value of SEK 2,711m (2,660).

The SEB Group

Net interest income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year 2013
	2014	2014	%	2013	%	2014	2013	%			
Interest income	12 255	12 362	- 1	12 147	1	36 872	37 035	0	49 723		
Interest expense	-7 083	-7 419	- 5	-7 388	- 4	-21 939	-23 140	- 5	-30 896		
Net interest income	5 172	4 943	5	4 759	9	14 933	13 895	7	18 827		

Net fee and commission income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year 2013
	2014	2014	%	2013	%	2014	2013	%			
Issue of securities and advisory	190	297	- 36	154	23	719	380	89	716		
Secondary market and derivatives	413	1 015	- 59	482	- 14	1 910	1 624	18	2 001		
Custody and mutual funds	1 875	1 831	2	1 631	15	5 459	4 990	9	6 825		
Payments, cards, lending, deposits, guarantees and other	2 555	2 594	- 2	2 587	- 1	7 545	7 276	4	9 591		
<i>Whereof payments and card fees</i>	1 527	1 538	- 1	1 463	4	4 496	4 400	2	5 894		
<i>Whereof lending</i>	587	654	- 10	828	- 29	1 893	1 957	- 3	2 531		
Fee and commission income	5 033	5 737	- 12	4 854	4	15 633	14 270	10	19 133		
Fee and commission expense	-1 219	-1 526	- 20	-1 119	9	-3 880	-3 477	12	-4 469		
Net fee and commission income	3 814	4 211	- 9	3 735	2	11 753	10 793	9	14 664		
<i>Whereof Net securities commissions</i>	1 969	2 278	- 14	1 811	9	6 278	5 666	11	7 723		
<i>Whereof Net payments and card fees</i>	875	858	2	860	2	2 520	2 475	2	3 388		

Net financial income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year 2013
	2014	2014	%	2013	%	2014	2013	%			
Equity instruments and related derivatives	172	684	- 75	727	- 76	1 698	694	145	1 235		
Debt instruments and related derivatives	- 105	- 536	- 80	- 654	- 84	- 1 083	85		- 8		
Currency and related derivatives	714	650	10	659	8	2 013	2 030	- 1	2 791		
Other	- 127	47		93		- 50	57	- 188	34		
Net financial income	654	845	- 23	825	- 21	2 578	2 866	- 10	4 052		

The result within Net financial income is presented on different rows based on type of underlying financial instrument. Changes in the Treasury result are due to changes in interest rates and credit spreads. The net effect from trading operations is fairly stable over time, although affected by seasonality, but shows volatility between lines.

For third quarter the positive effect from structured products offered to the public was approximately SEK 110m (Q2 2014: 460, Q3 2013: 640) in Equity related instruments and a corresponding negative effect in Debt related instruments. For the first nine months the positive effect was approximately SEK 1,190m (Sept 2013 YTD: 510) in Equity related instruments and a corresponding negative effect in Debt related instruments.

Net credit losses – SEB Group

SEK m	Q3		Q2		Q3		Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2013	
<i>Provisions:</i>										
Net collective provisions for individually assessed loans	201	-52		-51		121	78	55	59	
Net collective provisions for portfolio assessed loans	84	126	-33	230	-63	285	550	-48	715	
Specific provisions	-634	-170		81		-924	-492	88	-756	
Reversal of specific provisions no longer required	66	87	-24	95	-31	227	253	-10	381	
Net provisions for off-balance sheet items	1			-1		-10	6		11	
Net provisions	-282	-9		354	-180	-301	395	-176	410	
<i>Write-offs:</i>										
Total write-offs	-783	-584	34	-1 607	-51	-1 730	-3 077	-44	-3 755	
Reversal of specific provisions utilized for write-offs	538	272	98	954	-44	900	1 772	-49	2 067	
Write-offs not previously provided for	-245	-312	-21	-653	-62	-830	-1 305	-36	-1 688	
Recovered from previous write-offs	54	38	42	32	69	117	96	22	123	
Net write-offs	-191	-274	-30	-621	-69	-713	-1 209	-41	-1 565	
Net credit losses	-473	-283	67	-267	77	-1 014	-814	25	-1 155	

Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Other reserves				Total Shareholders' equity	Minority interests	Total Equity
			Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans			
Jan-Sep 2014									
Opening balance	21 942	97 704	1 378	783	-2 018	2 992	122 781	33	122 814
Net profit		13 530					13 530	1	13 531
Other comprehensive income (net of tax)			-143	2 149	248	-1 710	544	1	545
Total comprehensive income		13 530	-143	2 149	248	-1 710	14 074	2	14 076
Dividend to shareholders		-8 725					-8 725		-8 725
Equity-based programmes ¹⁾		524					524		524
Change in holdings of own shares		-82					-82		-82
Closing balance	21 942	102 951	1 235	2 932	-1 770	1 282	128 572	35	128 607
Jan-Dec 2013									
Opening balance	21 942	90 033	273	1 688	-2 422	-2 091	109 423	90	109 513
Net profit		14 771					14 771	7	14 778
Other comprehensive income (net of tax)			1 105	-905	404	5 083	5 687	-1	5 686
Total comprehensive income		14 771	1 105	-905	404	5 083	20 458	6	20 464
Dividend to shareholders		-6 004					-6 004		-6 004
Equity-based programmes ¹⁾		-1 127					-1 127		-1 127
Minority interests								-63	-63
Change in holdings of own shares		31					31		31
Closing balance	21 942	97 704	1 378	783	-2 018	2 992	122 781	33	122 814
Jan-Sep 2013									
Opening balance	21 942	90 033	273	1 688	-2 422	-2 091	109 423	90	109 513
Net profit		10 550					10 550	6	10 556
Other comprehensive income (net of tax)			660	-1 255	43	3 140	2 588	-4	2 584
Total comprehensive income		10 550	660	-1 255	43	3 140	13 138	2	13 140
Dividend to shareholders		-6 004					-6 004		-6 004
Equity-based programmes ¹⁾		-956					-956		-956
Minority interests								-63	-63
Change in holdings of own shares		41					41		41
Closing balance	21 942	93 664	933	433	-2 379	1 049	115 642	29	115 671

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.

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

	Jan-Sep 2014	Jan-Dec 2013	Jan-Sep 2013
Number of shares owned by SEB, million	2014	2013	2013
Opening balance	14.4	2.2	2.2
Repurchased shares		32.2	17.5
Sold/distributed shares	-10.7	-20.0	-18.9
Closing balance	3.7	14.4	0.8

Market value of shares owned by SEB, SEK m

356 1 223 56

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

Cash flow statement – SEB Group

SEK m	Jan - Sep			Full year
	2014	2013	%	2013
Cash flow from operating activities	96 882	50 099	93	- 33 172
Cash flow from investment activities	1 860	- 1 391		- 1 835
Cash flow from financing activities	- 1 306	- 8 138	- 84	- 7 842
Net increase in cash and cash equivalents	97 436	40 570	140	- 42 849
Cash and cash equivalents at the beginning of year	213 388	257 292	- 17	257 292
Exchange rate differences on cash and cash equivalents	- 17 016	- 1 568		- 1 055
Net increase in cash and cash equivalents	97 436	40 570	140	- 42 849
Cash and cash equivalents at the end of period¹⁾	293 808	296 294	- 1	213 388

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

Financial assets and liabilities – SEB Group

SEK m	30 Sep 2014		31 Dec 2013		30 Sep 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 755 884	1 769 459	1 551 591	1 557 769	1 622 262	1 662 845
Equity instruments	150 108	150 108	157 728	157 728	155 341	155 341
Debt instruments	393 318	393 482	325 730	325 750	340 436	337 310
Derivative instruments	211 036	211 036	142 377	142 377	143 043	143 043
Financial assets - policyholders bearing the risk	245 890	245 890	234 062	234 062	223 468	223 468
Other	31 568	31 568	23 102	23 102	25 290	25 290
Financial assets	2 787 804	2 801 543	2 434 590	2 440 788	2 509 840	2 547 297
Deposits	1 250 722	1 251 717	1 025 666	1 032 553	1 138 904	1 189 217
Equity instruments	48 688	48 688	44 231	44 231	38 741	38 741
Debt instruments	791 315	819 758	768 354	773 747	760 391	766 346
Derivative instruments	178 861	178 861	136 707	136 707	139 092	139 092
Liabilities to policyholders - investment contracts	247 056	247 056	223 494	223 494	214 224	214 224
Other	52 361	52 320	32 205	32 266	26 240	25 608
Financial liabilities	2 569 003	2 598 400	2 230 657	2 242 998	2 317 592	2 373 228

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 41 in the Annual Report 2013.

Assets and liabilities measured at fair value – SEB Group

SEK m	30 Sep 2014				31 Dec 2013			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total
Assets								
Financial assets – policyholders bearing the risk	234 539	9 406	1 945	245 890	228 772	3 365	1 925	234 062
Equity instruments at fair value	118 756	19 149	12 830	150 735	118 182	29 160	11 059	158 401
Debt instruments at fair value	193 497	168 109	1 245	362 851	121 766	167 766	1 429	290 961
Derivative instruments at fair value	4 098	200 260	6 678	211 036	2 619	136 039	3 719	142 377
Investment properties			7 327	7 327			7 623	7 623
Total	550 890	396 924	30 025	977 839	471 339	336 330	25 755	833 424
Liabilities								
Liabilities to policyholders - investment contracts	235 699	9 410	1 946	247 055	218 914	3 119	1 461	223 494
Equity instruments at fair value	48 156	76	456	48 688	43 678	64	489	44 231
Debt instruments at fair value	21 448	40 985		62 433	23 466	38 086		61 552
Derivative instruments at fair value	4 492	167 204	7 165	178 861	5 437	127 532	3 738	136 707
Total	309 795	217 675	9 567	537 037	291 495	168 801	5 688	465 984

Fair value measurement

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

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

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

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

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

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the Accounting policies in Annual Report 2013. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Level 1: Quoted market prices

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

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

Level 2: Valuation techniques with observable inputs

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

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

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

Level 3: Valuation techniques with significant unobservable inputs

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

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

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

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. At the end of the second quarter AFS Equity instruments in the amount of SEK 268m have been transferred into level 3 due to reassessment. At the end of the third quarter Equity instruments at fair value through profit & loss in the amount of SEK 47m have been transferred from level 3 to level 1 due to reassessment.

Changes in level 3	Closing balance 31 Dec 2013	Gain/loss in Income statement	Gain/loss in Other comprehensive income	Purchases	Sales	Issues	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassifi- cation	Exchange rate differences	Closing balance 30 Sep 2014
Assets												
Financial assets - policyholders bearing the risk	1 925	1 620		2 036	-2 204					-1 483	51	1 945
Equity instruments at fair value	11 059	119	-56	2 444	-2 669			268	-47	1 423	289	12 830
Debt instruments at fair value	1 429			804	-1 082					60	34	1 245
Derivative instruments at fair value	3 719	2 656		288	-215		118				112	6 678
Investment properties	7 623	-728		247	-20						205	7 327
Total	25 755	3 667	-56	5 819	-6 190	0	118	268	-47	0	691	30 025
Liabilities												
Liabilities to policyholders - investment contracts	1 461	1 555		1 951	-2 112					-953	44	1 946
Equity instruments at fair value	489	-18		-27							12	456
Debt instruments at fair value	0											0
Derivative instruments at fair value	3 738	2 899		294	-102		220				116	7 165
Total	5 688	4 436	0	2 218	-2 214	0	220	0	0	-953	172	9 567

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. There have been no significant changes during 2014. The largest open market risk within Level 3 financial instruments is found within the insurance business.

SEK m	30 Sep 2014				31 Dec 2013			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives - interest rate ¹⁾	738	-1 177	-439	33	489	-684	-195	59
Capital Markets ²⁾	154	-15	139	24	397	-45	352	16
Bond investment portfolio ³⁾					48		48	9
Venture Capital holding and similar holdings ⁴⁾	2 014	-456	1 558	318	1 803	-490	1 313	277
Insurance holdings - Financial instruments ⁵⁾	10 922	-175	10 747	1 516	10 752	-263	10 489	1 498
Insurance holdings - Investment properties ⁶⁾	7 327		7 327	733	7 623		7 623	762

1) Sensitivity from a shift of index-linked swap spreads by 5 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) Sensitivity from a shift of credit spreads by 100 basis points (100).

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

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 fair values of 10 per cent (10).

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

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
30 Sep 2014								
Derivatives	200 518	-7 264	193 254	-141 379	-38 269	13 606	17 782	211 036
Reversed repo receivables	131 124	-4 692	126 432	-18 610	-78 058	29 764	7 996	134 428
Securities borrowing	47 624		47 624	-12 170	-35 259	195	4 237	51 861
Client receivables	13 128	-13 128					8 509	8 509
Assets	392 394	-25 084	367 310	-172 159	-151 586	43 565	38 524	405 834
Derivatives	173 732	-7 264	166 468	-141 379	-20 528	4 561	12 393	178 861
Repo payables	30 788	-4 692	26 096	-18 610	-6 493	993	9 746	35 842
Securities lending	22 669		22 669	-12 170	-10 499		4 190	26 859
Client payables	13 128	-13 128					28 093	28 093
Liabilities	240 317	-25 084	215 233	-172 159	-37 520	5 554	54 422	269 655
31 Dec 2013								
Derivatives	133 062	-6 598	126 464	-92 576	-23 349	10 539	15 913	142 377
Reversed repo receivables	97 138	-4 148	92 990	-9 364	-80 707	2 919	17 483	110 473
Securities borrowing	42 728	-5 334	37 394	-6 801	-27 782	2 811	2 393	39 787
Client receivables	8 060	-8 060					5 601	5 601
Assets	280 988	-24 140	256 848	-108 741	-131 838	16 269	41 390	298 238
Derivatives	138 065	-6 598	131 467	-92 576	-25 612	13 279	5 239	136 706
Repo payables	14 678	-4 148	10 530	-9 364	-1 166		11 317	21 847
Securities lending	19 709	-5 334	14 375	-6 801	-7 574		13 686	28 061
Client payables	8 060	-8 060					13 140	13 140
Liabilities	180 512	-24 140	156 372	-108 741	-34 352	13 279	43 382	199 754
30 Sep 2013								
Derivatives	134 943	-7 048	127 895	-96 589	-22 879	8 427	15 148	143 043
Reversed repo receivables	87 049	-6 453	80 596	-16 211	-64 299	86	27 577	108 173
Securities borrowing	46 931	-4 673	42 258	-9 014	-30 128	3 116	3 335	45 593
Client receivables	10 257	-10 257					11 285	11 285
Assets	279 180	-28 431	250 749	-121 814	-117 306	11 629	57 345	308 094
Derivatives	137 949	-7 048	130 901	-96 589	-19 417	14 895	8 191	139 092
Repo payables	29 843	-6 453	23 390	-16 211	-7 140	39	16 338	39 728
Securities lending	30 387	-4 673	25 714	-9 014	-15 959	741	12 326	38 040
Client payables	10 257	-10 257					8 063	8 063
Liabilities	208 436	-28 431	180 005	-121 814	-42 516	15 675	44 918	224 923

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

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

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

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

Reclassified portfolios – SEB Group

SEK m	Q3			Q2			Q3			Jan - Sep			Full year
	2014	2014	%	2013	%	2013	%	2014	2013	%	2013	2013	
Reclassified													
Opening balance	15 419	16 267	-5	23 148	-33	18 845	29 342	-36	29 342				29 342
Amortisations	-1 089	- 948	15	-1 120	-3	-3 725	-4 013	-7	-6 076				-6 076
Securities sold	- 962	- 280		-1 051	-8	-2 280	-4 866	-53	-4 993				-4 993
Accrued coupon	- 3	- 7	-57	7	-143	- 5	30	-117	- 8				- 8
Exchange rate differences	120	387	-69	- 399	-130	650	92		580				580
Closing balance*	13 485	15 419	-13	20 585	-34	13 485	20 585	-34	18 845				18 845
* Market value	13 597	15 528	-12	20 189	-33	13 597	20 189	-33	18 668				18 668
Fair value impact - if not reclassified													
In Other Comprehensive Income (AFS origin)	19	136	-86	- 15		165	372	-56	535				535
In Income Statement (HFT origin)	- 2	2	-200	2	-200	- 23	30	-177	10				10
Total	17	138	-88	- 13		142	402	-65	545				545
Effect in Income Statements**													
Net interest income	48	55	-13	80	-40	165	243	-32	305				305
Net financial income	142	196	-28	- 286	-150	472	38		274				274
Other income	- 2			- 18	-89	1	- 26	-104	- 34				- 34
Total	188	251	-25	- 224	-184	638	255	150	545				545

** The effect in the Income Statement is the profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the foreign currency effect related to the reclassified portfolio but does not include the off-setting foreign currency effects from financing activities. Other income is the realised gains or losses from sales in the portfolio.

Non-performing loans – SEB Group

	30 Sep	31 Dec	30 Sep
SEK m	2014	2013	2013
Individually assessed impaired loans			
Impaired loans, past due > 60 days	5 261	4 609	4 882
Impaired loans, performing or past due < 60 days	172	322	365
Total individually assessed impaired loans	5 433	4 931	5 247
Specific reserves	- 2 619	- 2 521	- 2 621
<i>for impaired loans, past due > 60 days</i>	- 2 445	- 2 352	- 2 377
<i>for impaired loans, performing or past due < 60 days</i>	- 174	- 169	- 244
Collective reserves	- 1 686	- 1 762	- 1 716
Impaired loans net	1 128	648	910
Specific reserve ratio for individually assessed impaired loans	48.2%	51.1%	50.0%
Total reserve ratio for individually assessed impaired loans	79.2%	86.9%	82.7%
Net level of impaired loans	0.19%	0.17%	0.19%
Gross level of impaired loans	0.37%	0.35%	0.37%
Portfolio assessed loans			
Portfolio assessed loans past due > 60 days	3 831	4 146	4 534
Restructured loans	317	381	371
Collective reserves for portfolio assessed loans	- 2 014	- 2 252	- 2 362
Reserve ratio for portfolio assessed loans	48.6%	49.7%	48.2%
Reserves			
Specific reserves	- 2 619	- 2 521	- 2 621
Collective reserves	- 3 700	- 4 014	- 4 078
Reserves for off-balance sheet items	- 51	- 275	- 289
Total reserves	- 6 370	- 6 810	- 6 988
Non-performing loans			
Non-performing loans*	9 581	9 458	10 152
NPL coverage ratio	66.5%	72.0%	68.8%
NPL % of lending	0.65%	0.67%	0.72%

* Impaired loans + portfolio assessed loans past due > 60 days + restructured portfolio assessed loans

Seized assets – SEB Group

	30 Sep	31 Dec	30 Sep
SEK m	2014	2013	2013
Properties, vehicles and equipment	2 457	2 895	2 846
Shares	48	45	46
Total seized assets	2 505	2 940	2 892

Assets and liabilities held for sale – SEB Group

SEK m	30 Sep 2014	31 Dec 2013	30 Sep 2013
Loans to the public			
Other assets	719		
Total assets held for sale	719	0	0
Deposits from credit institutions			
Deposits and borrowing from the public			
Other liabilities	1 064		
Total liabilities held for sale	1 064	0	0

The card acquiring business within the Retail division with assets and liabilities in Euroline AB has been classified as held for sale in the second quarter 2014. In the SEB Group only external amounts are reclassified. Total assets in Euroline AB's balance sheet also comprise of group internal assets, eliminated in the SEB Group accounts. Furthermore some investment properties within Baltic division have been classified as assets held for sale during the second and third quarters 2014.

Discontinued operations – SEB Group

Income statement

SEK m	Q3		Q2		Q3		Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2013	
Total operating income				3	-100		40	-100		42
Total operating expenses				-14	-100		-77	-100		-118
Profit before credit losses	0	0		-11	-100	0	-37	-100		-76
Net credit losses					0		-20	-100		-20
Operating profit	0	0		-11	-100	0	-57	-100		-96
Income tax expense				11	-100		40	-100		85
Net profit from discontinued operations	0	0		0	0	0	-17	-100		-11

Cash flow statement

SEK m	Q3		Q2		Q3		Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2013	
Cash flow from operating activities				-61	-100		-129	-100		-268
Cash flow from investment activities										
Cash flow from financing activities				61	-100		129	-100		268
Net increase in cash and cash equivalents from discontinued operations	0	0		0	0	0	0	0		0

Discontinued operations includes the operational separation of the divested retail operations in Germany and Ukraine. The divestments are now finalised.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	30 Sep 2014	31 Dec 2013
Own funds		
Common Equity Tier 1 capital	96 937	89 826
Tier 1 capital	108 140	102 462
Total own funds	124 135	108 260
Own funds requirement		
Risk exposure amount	598 063	598 324
Expressed as own funds requirement	47 845	47 866
Common Equity Tier 1 capital ratio	16.2%	15.0%
Tier 1 capital ratio	18.1%	17.1%
Total capital ratio	20.8%	18.1%
Own funds in relation to own funds requirement	2.59	2.26
Regulatory Common Equity Tier 1 capital requirement including buffer of which capital conservation buffer requirement	7.0% 2.5%	
Common Equity Tier 1 capital available to meet buffer ¹⁾	11.7%	
Transitional floor 80% of capital requirement according to Basel I		
Minimum floor own funds requirement according to Basel I	78 388	74 054
Own funds according to Basel I	123 464	109 042
Own funds in relation to own funds requirement Basel I	1.58	1.47
Leverage ratio		
Exposure measure for leverage ratio calculation	2 732 407	2 327 121
of which on balance sheet items	2 400 426	2 118 326
of which off balance sheet items	331 981	208 795
Leverage ratio	4.1%	4.2%
<i>Calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter</i>		

¹⁾ CET1 ratio 16.2% 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%.

Swedish implementation of the Basel III framework

The Basel III framework, in the form of the CRD IV/CRR regulatory package, was adopted by the European Parliament in 2013. In Swedish law, the CRR part automatically took effect upon EU adoption while the CRD IV part was entered in August 2014 and will be implemented by the Swedish FSA during the fall.

In September, the Swedish FSA published its views thereon on www.fi.se. Certain unclarities remain, but the FSA

indicated that SEB's Common Equity Tier 1 requirement would have been 15.4 per cent, and that the total capital requirement would have been 19.8 per cent, at 30 June 2014, applying the new regulations.

The Basel III information in this report is based on SEB's interpretation of the current regulations and may be amended when the final version of the Swedish regulation is established.

Own funds for SEB consolidated situation

SEK m	30 Sep 2014	31 Dec 2013
Shareholders equity	21 942	21 942
Retained earnings	45 306	41 050
Accumulated other comprehensive income and other reserves	44 484	42 174
Independently reviewed interim profits net of any foreseeable charge or dividend	5 520	6 052
Common Equity Tier 1 capital before regulatory adjustments ¹⁾	117 252	111 218
Additional value adjustments	-1 096	-848
Intangible assets	-12 465	-12 248
Deferred tax assets that rely on future profitability	-428	-649
Fair value reserves related to gains or losses on cash flow hedges	-2 932	-783
Negative amounts resulting from the calculation of expected loss amounts	-411	-782
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	462	
Defined-benefit pension fund assets	-529	-2 298
Direct and indirect holdings of own CET1 instruments	-1 043	-975
Securitisation positions with 1,250% risk weight	-638	-1 294
Adjustments relating to unrealised gains (AFS)	-1 235	-1 515
Total regulatory adjustments to Common Equity Tier 1	-20 315	-21 392
Common Equity Tier 1 capital	96 937	89 826
Grandfathered additional Tier 1 instruments	11 203	12 636
Tier 1 capital	108 140	102 462
Tier 2 instruments	15 954	7 746
Grandfathered Tier 2 instruments	1 533	627
Net provisioning amount for IRB-reported exposures	1 083	
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575
Tier 2 capital	15 995	5 798
Total own funds	124 135	108 260

1) New Swedish capital reporting regulations (FFFS 2014:12) apply from August 2014. Own funds requirements shall be reported according to a given format. 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).

In March 2014, the Swedish Financial Supervisory Authority approved SEB's application to use quarterly profit in measuring the capital base on condition that the responsible auditors (PwC) can confirm that predictable costs and

dividends have been deducted in accordance with EU regulation number 575/2013 and that the calculation was made in accordance with EU regulation number 241/2014. PwC is in the process of performing this review.

Risk exposure amount for SEB consolidated situation

SEK m	30 Sep 2014		31 Dec 2013	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach				
Exposures to institutions	31 472	2 518	29 936	2 395
Exposures to corporates	341 369	27 310	328 458	26 277
Retail exposures	46 780	3 742	53 470	4 278
of which secured by immovable property	34 461	2 757	41 433	3 315
of which qualifying revolving retail exposures	1 460	117	1 358	109
of which retail SME	1 385	111	1 517	121
of which other retail exposures	9 474	758	9 162	733
Securitisation positions	4 944	396	4 827	386
Total IRB approach	424 565	33 966	416 691	33 336
Credit risk standardised approach				
Exposures to central governments or central banks	330	26	321	26
Exposures to regional governments or local authorities	38	3	695	56
Exposures to public sector entities	7	1	15	1
Exposures to institutions	1 418	113	607	49
Exposures to corporates	17 710	1 417	15 010	1 201
Retail exposures	22 801	1 824	23 136	1 851
Exposures secured by mortgages on immovable property	4 303	344	3 987	319
Exposures in default	1 335	107	1 645	132
Exposures associated with particularly high risk	2 010	161	2 086	167
Securitisation positions	39	3		
Exposures in the form of collective investment undertakings (CIU)	44	4	40	3
Equity exposures	2 385	191	3 330	266
Other items	8 769	702	8 294	664
Total standardised approach	61 189	4 896	59 166	4 735
Market risk				
Trading book exposures where internal models are applied	22 501	1 800	27 933	2 235
Trading book exposures applying standardised approaches	20 903	1 672	22 160	1 773
Foreign exchange rate risk	3 941	315	6 485	519
Total market risk	47 345	3 787	56 578	4 527
Other own funds requirements				
Operational risk advanced measurement approach	39 605	3 168	38 313	3 065
Settlement risk	11	1	11	1
Credit value adjustment	8 468	677	13 300	1 064
Investment in insurance business	11 949	956	11 949	956
Other exposures	4 931	394	2 316	185
Total other own funds requirements	64 964	5 196	65 889	5 271
Total	598 063	47 845	598 324	47 869

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

Risk exposure amount	SEK bn
Balance 31 December 2013	598
Volume and mix changes	13
Currency effect	16
Process and regulatory changes	-13
Risk class migration	-8
Market and operational risk changes	-8
Balance 30 September 2014	598

The overall risk exposure was virtually unchanged from the beginning of the year as decreasing effects from process and regulatory changes, migration, and a decrease in market risks were offset by changes in FX-rates and a volume increase.

Average risk-weight

The following table summarises average risk-weights (risk exposure amount divided by exposure at default, EAD) for exposures where the risk exposure amount is calculated according to the internal ratings based (IRB) approach. Repos

and securities lending transactions are excluded from the analysis since they carry low risk-weight and can vary considerably in volume, thus making numbers less comparable.

IRB reported credit exposures (less repos and securities lending)	30 Sep	31 Dec
Average risk-weight	2014	2013
Exposures to institutions	21.6%	24.3%
Exposures to corporates	36.4%	38.3%
Retail exposures	9.1%	11.0%
of which secured by immovable property	7.4%	9.5%
of which qualifying revolving retail exposures	7.5%	7.2%
of which retail SME	42.9%	38.3%
of which other retail exposures	36.4%	38.4%
Securitisation positions	40.4%	39.0%

The decrease in risk-weights for institutions is due to a shift in allocation towards more stable exposures. The decrease for corporate exposures has occurred in large part due to

borrowers' migration to higher credit quality. The decrease for retail mortgages is partially due to lower risk generally.

Skandinaviska Enskilda Banken AB (publ)

Income statement – Skandinaviska Enskilda Banken AB (publ)

In accordance with FSA regulations SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2013		
Interest income	8 622	9 064	-5	8 738	-1	26 575	26 485	0	35 740		
Leasing income	1 384	1 369	1	1 393	-1	4 108	4 199	-2	5 567		
Interest expense	-4 815	-5 553	-13	-5 374	-10	-15 894	-16 746	-5	-22 435		
Dividends	109	1 777	-94	2 875	-96	2 158	4 825	-55	4 848		
Fee and commission income	2 474	2 640	-6	2 609	-5	7 743	7 332	6	9 815		
Fee and commission expense	- 442	- 433	2	- 418	6	-1 299	-1 191	9	-1 532		
Net financial income	510	673	-24	687	-26	2 085	2 499	-17	3 547		
Other income	790	259		1 180	-33	1 259	1 725	-27	1 990		
Total operating income	8 632	9 796	-12	11 690	-26	26 735	29 128	-8	37 540		
Administrative expenses	-3 345	-3 450	-3	-3 524	-5	-10 245	-10 449	-2	-14 062		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 293	-1 274	1	-1 245	4	-3 817	-3 770	1	-5 024		
Total operating expenses	-4 638	-4 724	-2	-4 769	-3	-14 062	-14 219	-1	-19 086		
Profit before credit losses	3 994	5 072	-21	6 921	-42	12 673	14 909	-15	18 454		
Net credit losses	- 440	- 291	51	- 84		- 872	- 336	160	- 451		
Impairment of financial assets	- 900	- 2		- 11		- 951	- 13		-1 691		
Operating profit	2 654	4 779	-44	6 826	-61	10 850	14 560	-25	16 312		
Appropriations	323	168	92	388		692	858	-19	3 432		
Income tax expense	- 848	- 479	77	- 832	2	-2 027	-2 071	-2	-2 778		
Other taxes	- 1	33	-103			35	- 13		- 27		
Net profit	2 128	4 501	-53	6 382	-67	9 550	13 334	-28	16 939		

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

SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2014	2014	%	2013	%	2014	2013	%	2013		
Net profit	2 128	4 501	-53	6 382	-67	9 550	13 334	-28	16 939		
<i>Items that may subsequently be reclassified to the income statement:</i>											
Available-for-sale financial assets	163	152	7	164	-1	745	616	21	859		
Cash flow hedges	617	887	-30	- 55		2 150	-1 253		- 903		
Translation of foreign operations	16	2		- 25	-164	22	- 25	-188	- 32		
Other comprehensive income (net of tax)	796	1 041	-24	84		2 917	- 662		- 76		
Total comprehensive income	2 924	5 542	-47	6 466	-55	12 467	12 672	-2	16 863		

Balance sheet - Skandinaviska Enskilda Banken AB (publ)

Condensed	30 Sep	31 Dec	30 Sep
SEK m	2014	2013	2013
Cash and cash balances with central banks	269 041	135 309	226 497
Loans to credit institutions	187 502	183 312	193 838
Loans to the public	1 063 411	1 013 188	989 669
Financial assets at fair value	540 035	433 431	447 340
Available-for-sale financial assets	18 773	17 485	19 457
Held-to-maturity investments	88	85	84
Investments in associates	1 014	1 055	997
Shares in subsidiaries	52 784	52 555	51 369
Tangible and intangible assets	40 957	40 080	41 282
Other assets	40 978	27 658	36 364
Total assets	2 214 583	1 904 158	2 006 897
Deposits from credit institutions	256 466	210 237	254 344
Deposits and borrowing from the public	788 607	611 234	681 404
Debt securities	721 713	704 088	693 033
Financial liabilities at fair value	238 898	201 705	202 515
Other liabilities	67 188	46 613	47 381
Provisions	192	92	96
Subordinated liabilities	29 924	22 739	22 020
Untaxed reserves	23 695	23 694	26 346
Total equity	87 900	83 756	79 758
Total liabilities, untaxed reserves and shareholders' equity	2 214 583	1 904 158	2 006 897

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

	30 Sep	31 Dec	30 Sep
SEK m	2014	2013	2013
Collateral and comparable security pledged for own liabilities	411 496	316 525	325 810
Other pledged assets and comparable collateral	125 987	98 927	117 974
Contingent liabilities	94 612	84 767	80 442
Commitments	438 384	335 048	328 692

Capital adequacy - Skandinaviska Enskilda Banken AB (publ)

SEK m	Basel II	
	30 Sep 2014	31 Dec 2013
Own funds		
Common Equity Tier 1 capital	88 937	89 404
Tier 1 capital	100 140	103 658
Total own funds	118 226	110 161
Own funds requirement		
Risk exposure amount	503 145	716 867
Expressed as own funds requirement	40 252	57 349
Common Equity Tier 1 capital ratio	17.7%	12.5%
Tier 1 capital ratio	19.9%	14.5%
Total capital ratio	23.5%	15.4%
Own funds in relation to capital requirement	2.94	1.92
Regulatory Common Equity Tier 1 capital requirement including buffers	7.0%	
of which capital conservation buffer requirement	2.5%	
Common Equity Tier 1 capital available to meet buffers ¹⁾	13.2%	

¹⁾ CET1 ratio 17.7% 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%.

This is SEB

Mission	To help people and businesses thrive by providing quality advice and financial resources.
Vision	To be <i>the</i> trusted partner for customers with aspirations.
Values	Guided by our Code of Business Conduct and our core values: professionalism, commitment, mutual respect and continuity.
Customers and markets	3,000 large corporates and institutions, 400,000 SMEs and 4 million private customers bank with SEB. They are mainly located in eight markets around the Baltic Sea.
Brand promise	Rewarding relationships.
Corporate objectives	The leading Nordic bank for corporates and institutions. The top universal bank in Sweden and the Baltic countries.
Strategic value-driving priorities	Long-term customer relationships – build and develop relationships based on the customers' long-term needs with a holistic perspective. Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions in the Nordic countries and Germany, small and medium-sized companies in Sweden, and a holistic savings offering. Resilience and flexibility – ensure the financial strength needed to demonstrate stability and resilience as well as the flexibility to adapt operations in a cost-efficient manner to the prevailing market conditions.
People	Around 16,000 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
History	Over 150 years of business, building 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