

# Interim Report

## January – September 2013

STOCKHOLM 24 OCTOBER 2013

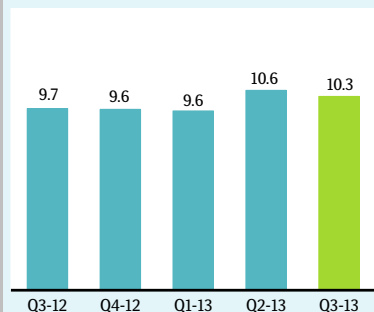
**“During the first nine months, corporate sentiment improved. Our income growth reflects SEB’s profile as an advisory and activity driven bank.”**

Annika Falkengren

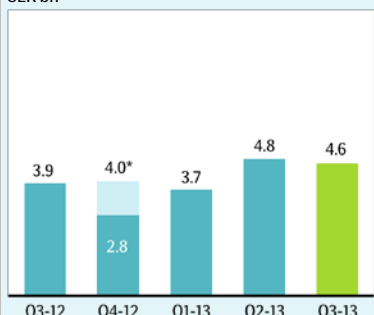


**S|E|B**

**Operating income**  
SEK bn

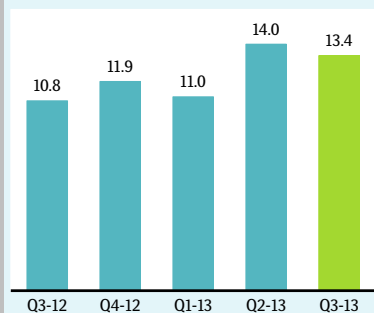


**Operating profit**  
SEK bn

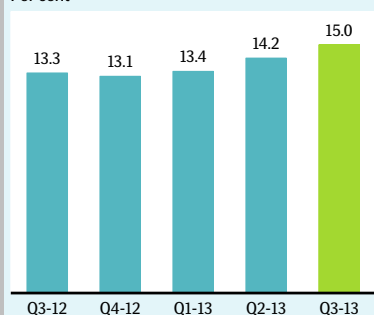


\* Adjusted for one-off effects

**Return on Equity**  
Per cent



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



## First nine months 2013 – SEK 13.1bn operating profit

- Operating profit SEK 13.1bn (11.4).
- Operating income SEK 30.5bn (29.2). Operating expenses SEK 16.6bn (17.1).
- Net interest income SEK 13.9bn (13.2), net fee and commission income SEK 10.8bn (9.9) and net financial income SEK 2.9bn (3.6).
- Net credit provisions SEK 0.8bn (0.7) and a credit loss level of 0.08 per cent (0.08).
- Net profit SEK 10.6bn (8.4).
- Return on equity 12.8 per cent (10.8) and earnings per share SEK 4.82 (3.83).

## Third quarter 2013 – SEK 4.6bn operating profit

- Operating profit SEK 4.6bn (3.9).
- Operating income SEK 10.3bn (9.7). Operating expenses SEK 5.5bn (5.6).
- Net interest income SEK 4.8bn (4.5), net fee and commission income SEK 3.7bn (3.2) and net financial income SEK 0.8bn (1.1).
- Net credit provisions SEK 0.3bn (0.2) and a credit loss level of 0.08 per cent (0.11).
- Net profit SEK 3.8bn (2.8).
- Return on equity 13.4 per cent (10.8) and earnings per share SEK 1.71 (1.29).

## Volumes

- Lending to corporates increased by SEK 24bn and lending to households by SEK 20bn from year-end. Lending to the public amounted to SEK 1,282bn.
- Deposits from corporates increased by SEK 35bn and from households by SEK 4bn from year-end. Deposits from the public amounted to SEK 923bn.
- Assets under management amounted to SEK 1,427bn, including a net inflow of SEK 18bn from year-end.

## Capital and funding

- The core Tier 1 capital ratio was 17.4 per cent and the Tier 1 capital ratio was 18.7 per cent. The Common Equity Tier 1 ratio (Basel III) was 15.0 per cent.
- The liquidity coverage ratio was 114 per cent.
- The core liquidity reserve amounted to SEK 438bn and the total liquid resources amounted to SEK 702bn.

## President's comment

The world economy continues to move in the right direction with business sentiment gradually improving. However, the recovery is still not strong enough to provide immunity to economic, financial and political setbacks and the long-term implications of the US debt situation remain to be seen. Central banks' liquidity support still plays a key role for real growth, even in the US where activity levels have been more robust than in Europe. Although the risk for worst-case scenarios for the eurozone is fading, the long-term economic challenges for the region remain. This is in contrast to Asia where the prerequisites for economic growth are more evident.

### Higher profitability and capital generation

SEB's third quarter operating profit of SEK 4.6bn was up 20 per cent compared to a year ago. As an advisory and activity driven bank, SEB benefits from a more positive corporate sentiment. This was evidenced by higher net interest income as well as higher net fee income. Operating income grew by 7 per cent, while costs were 3 per cent lower.

We continue to grow in our core segments and attract an increasing number of new customers. Outside of Sweden we have again demonstrated the strength in our Nordic and German corporate and institutional platform as the credit portfolio has grown by 12 per cent since year-end and income by 10 per cent compared to the third quarter 2012. In Private Banking, SEB continued to attract strong net inflows of assets under management - year to date SEK 23bn.

Asset quality remained high. The level of net credit losses was 8 basis points in this quarter and non-performing loans decreased. SEB capital position strengthened further resulting in a Common Equity Tier 1 ratio (Basel III) of 15.0 per cent. Return on equity was 13.4 per cent in the quarter and 12.8 per cent for the first nine months of 2013.

### Deepened customer relationships

In Merchant Banking, we continue to deepen relationships with our existing customers by growing ancillary business. In the third quarter, demand for corporate and investment banking services increased while customer activity within Markets reflected seasonal slowdown. Corporate lending volumes increased marginally at the same time as SEB continued to support customers in tapping the bond market. One recent example is the Green Bond that the City of Gothenburg issued during September. Green Bonds support the financing of projects mitigating effects of climate change and here SEB has a pioneer position globally.

In Retail Banking, we offer customers a full service offering with high accessibility in different channels making it easier for customers to interact with us. Our telephone bank which offers 24/7 personal advisory services in 23 languages plays a key role, as do digital channels. During the autumn we launched a new mobile application as well as an upgraded internet bank. Today we attract close to 55,000 more SMEs and 60,000 more private individuals as full service customers than five years ago.

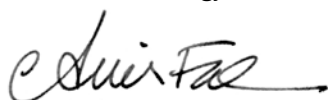
### More regulation may not be the right regulation

A key take-away from the last five years has been the value of a strong balance sheet in turbulent times. Ample liquidity and strong capital ratios ensure resilience to future possible system shocks as well as capacity to invest in and support long-term relationships. Swedish banks have been at the forefront and have significantly strengthened their balance sheets.

The ambition of the new regulatory framework is to establish efficient interfaces between supervision at the macro and micro levels. The ambition is admirable but it remains difficult to assess the impact on the real economy. The framework is still not finalised and it thus remains difficult for customers to fully grasp the effects on their businesses. The world is complex with high interconnectivity and interdependencies and, as such, great care must be taken to avoid unintended consequences. Gradual implementation and evaluation of new regulations are necessary.

### Our strategic direction remains firm

We strive to facilitate our customers' business opportunities. The guiding principle for us in developing our business is and has been long-term relationships as the foundation for long-term profitability. The continued progress of SEB's franchise and financials is a testament to the relevance of this strategy to our customers and owners.



**Income +7%**  
**Costs -3%**

Q3 2013

**SEK 23bn net inflow**  
**in Private Banking**

Jan-Sep 2013

**15% Common Equity**  
**Tier 1 ratio**

Basel III, Sep 2013



# The Group

## Third quarter isolated

Operating profit amounted to SEK 4,618m (3,857). Net profit from continuing operations was SEK 3,753m (2,989). Net profit (after tax), including the net result from discontinued operations, amounted to SEK 3,753m (2,834).

## Operating income

Total operating income amounted to SEK 10,324m (9,681).

Net interest income increased to SEK 4,759m (4,466).

	Q3	Q2	Q3
SEK m	2013	2013	2012
Customer-driven NII	4 286	4 127	4 005
NII from other activities	473	550	461
<b>Total</b>	<b>4 759</b>	<b>4 677</b>	<b>4 466</b>

The customer-driven net interest income increased by SEK 281m, or 7 per cent, compared with the third quarter in 2012. Higher volumes offset the negative effect from lower short-term rates. Compared with the previous quarter, the customer-driven net interest income increased by SEK 159m, or 4 per cent. There were small positive margin and volume effects.

Net interest income from other activities was virtually flat compared with the corresponding quarter 2012 and was SEK 77m lower than the previous quarter. Funding costs decreased in the third quarter 2013, as well as yields on the liquidity portfolio and other interest-earning securities.

Net fee and commission income amounted to SEK 3,735m (3,192), an increase of 17 per cent year-on-year and a decrease of 2 per cent since the previous quarter. Compared to the third quarter 2012, higher corporate activity in the debt and syndication markets and increased investment banking activity, though still on a low level, supported income generation. In the previous quarter Securities Finance related income was seasonally high and Wealth Management recorded high performance fees. Customer activity displayed normal seasonality and was lower in the third quarter.

Net financial income amounted to SEK 825m (1,091), a decrease of 24 per cent compared to both the second quarter and year-on-year. Customer activity and market volatility were lower in the third quarter 2013 and there was high uncertainty about the macroeconomic development, especially in the United States, which affected trading activities and the Treasury related result.

Net life insurance income decreased to SEK 794m (861), but increased by 15 per cent compared to the second quarter. The negative impact from higher long-term interest rates and declining stock markets on the life portfolios during the second quarter was partially reversed in the third quarter.

Net other income amounted to SEK 211m (71).

Comparative numbers - in parenthesis - for the income statement refer to the corresponding period 2012. Business volumes are compared to 30 September 2012 unless otherwise defined.

## Operating expenses

Total operating expenses amounted to SEK 5,453m (5,639), a decrease of 3 per cent year-on-year.

## Credit losses and provisions

Provisions for credit losses amounted to SEK 267m (186). The credit loss level was 8 basis points.

Non-performing loans decreased by SEK 2.3bn in the third quarter and amounted to SEK 10.2bn. Write-offs of non-performing loans to reserves in Latvia and Lithuania increased. One year ago, the non-performing loans amounted to SEK 14.6bn.

Individually assessed impaired loans amounted to SEK 5.2bn and the portfolio assessed loans past due >60 days amounted to SEK 4.5bn.

## Income tax expense

Total income tax expense was SEK 865 (868), which corresponded to an effective tax rate of 19 per cent.

## Discontinued operations

The net result from discontinued operations was SEK 0m (-155).

## Other comprehensive income

Other comprehensive income increased to SEK 2,356m (154). Pension obligations decreased with SEK 2,455 (-99). The main reason was an increase of the market-derived discount rate for calculating the Swedish pension obligations from 2.8 to 3.8 per cent (3.1). The discount rate in Germany remained unchanged.

The strengthening of the Swedish krona had a negative impact from translation of foreign operations, compared to a positive impact in the second quarter.

## The first nine months

Operating profit increased by 15 per cent to SEK 13,118m (11,396).

Net profit from continuing operations was SEK 10,573m (8,902). Net profit (after tax), including the net result from discontinued operations, amounted to SEK 10,556m (8,415).

## Operating income

Total operating income amounted to SEK 30,523m (29,186).

Net interest income increased to SEK 13,895m (13,177).

SEK m	Jan - Sep		Change
	2013	2012	%
Customer-driven NII	12 480	11 869	5
NII from other activities	1 415	1 308	8
<b>Total</b>	<b>13 895</b>	<b>13 177</b>	<b>5</b>

The customer-driven net interest income increased by SEK 611m, or 5 per cent, compared to the first nine months 2012. This was due to volume growth and stable net interest margins despite the lower short-term rates. Average volumes of loans to and deposits from the public for the first nine months grew by 3 and 7 per cent, respectively.

Net interest income from other activities increased by SEK 107m year-on-year. Funding costs decreased. The yield in the liquidity portfolio and on other interest-earning assets decreased to a lesser degree.

Net fee and commission income was SEK 10,793m (9,905). Compared to the first nine months 2012, the average value of assets under management and stock exchange turnover increased. In particular, higher corporate activity in the debt and syndication markets and increased investment banking activity increased lending and syndication fees by SEK 518m in the same period.

Net financial income decreased to SEK 2,866m (3,597). The main reason for the reduction was the unusually high valuation gains on the liquidity portfolio in 2012. In addition, lower volatility in the uncertain markets resulted in lower income in 2013.

Net life insurance income amounted to SEK 2,365m (2,597). Unit-linked income was up 5 per cent, while the higher long-term interest rates had a negative impact on traditional life portfolios.

Net other income amounted to SEK 604m (-90). In 2012, there were realised losses from the sale of securities. In 2013, there were instead gains from the sale of securities as well as positive hedge accounting effects.

## Operating expenses

Total operating expenses decreased by 3 per cent compared to the first nine months 2012, to SEK 16,626m. Staff costs were 3 per cent lower and the number of employees was 5 per cent lower. Other expenses fell by 6 per cent.

## Credit losses and provisions

Provisions for credit losses amounted to SEK 814m (661). The credit loss level amounted to 8 basis points for the first nine months. The provisions for credit losses for the Group, excluding the Baltic region, equaled a credit loss level of

6 basis points for the first nine months. The provisions in the Baltic region increased compared with the same period 2012 and corresponded to a credit loss level of 32 basis points for the first nine months.

Non-performing loans amounted to SEK 10.2bn, which was 30 per cent lower than one year ago, and which reflected a continued strong asset quality.

Individually assessed impaired loans decreased by SEK 3.2bn compared to one year ago while the portfolio assessed loans past due >60 days decreased by SEK 1.1bn.

## Income tax expense

Total income tax expense was SEK 2,545m (2,494), which corresponded to an effective tax rate of 19 per cent, in line with the estimated effective tax rate of 20 per cent for the full year 2013.

## Discontinued operations

The net result from discontinued operations was SEK -17m (-487).

## Other comprehensive income

The net result from other comprehensive income was SEK 2,584m (-316). The net revaluation of the defined benefit pension plan in Sweden, in accordance with IAS 19, had a positive effect of SEK 3,140m (-445). Pension plan assets in Sweden appreciated. At the same time, the market-derived discount rate for Swedish pension obligations increased to 3.8 per cent (3.1), with a corresponding decrease in pension obligations.

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 a negative contribution of SEK 556m (in 2012, positive 129m).

## Business volumes

Total assets at 30 September 2013 amounted to SEK 2,569bn (2,399). Loans to the public increased to SEK 1,282bn, an increase of SEK 43bn during the last 12 months and of SEK 45bn since year-end.

SEK bn	Sep	Dec	Sep
	2013	2012	2012
Public administration	53	55	54
Private individuals	487	467	455
Corporate	637	613	597
Repos	83	76	104
Debt instruments	22	25	28
<b>Loans to the public</b>	<b>1 282</b>	<b>1 236</b>	<b>1 238</b>

Deposits from the public amounted to SEK 923bn, up by SEK 61bn and SEK 111bn, from year-end and one year ago respectively.

SEB's total credit portfolio amounted to SEK 1,845bn (1,735). At year-end, the credit portfolio amounted to SEK 1,777bn. Compared with 30 September 2012, household

volumes increased by SEK 32bn. The combined corporate and property management portfolios increased by SEK 67bn in the same period.

At 30 September 2013, assets under management amounted to SEK 1,427bn (1,271). This was an increase from the year-end level of SEK 1,328bn. The net inflow of assets for the first nine months 2013 was SEK 18bn and the market value increased by SEK 81bn. Assets under custody amounted to SEK 5,814bn (4,788).

### Market risk

The trading business is customer flow-driven. This is confirmed by the fact that there were only four loss-making days during the first nine months. During the first nine months of 2013, Value-at-Risk in the trading operations averaged SEK 148m. 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 130 per cent (138), excluding repos and debt instruments. During the first nine months, SEK 48bn of long-term funding matured and SEK 89bn was issued. 64 per cent of the new issuance was covered bonds.

The core liquidity reserve at the end of September 2013 amounted to SEK 438bn (348). The total liquid resources, including net trading assets and unutilised collateral in the cover pool, amounted to SEK 702bn (623). As of 1 January 2013, the Swedish Financial Supervisory Authority requires a Liquidity Coverage Ratio (LCR), according to rules adapted for Sweden, of 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was 114 per cent (154). The USD and EUR LCRs were 123 and 239 per cent, respectively.

SEB's internal structural liquidity measure, the Core Gap which measures the proportion of stable funding in relation to illiquid assets, increased to 118 per cent reflecting the Bank's commitment to a stable funding base. SEB's structural liquidity measure according to the Swedish Central Bank in its Financial Stability Reports has been in the mid-eighties in the last years. The Basel Committee's Net Stable Funding Ratio (NSFR) is still a crude measure in its current form and it remains subject to review internationally.

### Capital position

During 2013, SEB continued to align the framework for capital allocation to the Basel III regulation. This was done by allocating more capital, in the amount of SEK 23bn, to the divisions from the central function in the first quarter 2013.

Both the core Tier 1 and the Tier 1 capital ratios improved in the first nine months. The growth of risk-weighted assets for credit risk was offset by a decrease in market risk RWA.

In May 2013, the Swedish Financial Supervisory Authority decided to implement a 15 per cent risk weight floor on Swedish mortgages. The floor will be implemented as a so-called Pillar 2 charge and the capital ratios which are reported according to Pillar 1 (in the adjacent table), will not be

affected. SEB has already allocated additional capital to the residential mortgage business in line with the stipulated risk-weight floor.

	Sep 2013	Dec 2012	Sep 2012
<b>Basel II</b>			
Core tier 1 capital ratio, %	17.4	15.1	16.5
Tier 1 capital ratio, %	18.7	17.5	18.9
RWA, SEKbn	574	586	591
<i>Including transitional floor:</i>			
Core tier 1 capital ratio, %	11.0	10.1	11.3
Tier 1 capital ratio, %	11.8	11.6	12.9
RWA, SEKbn	911	879	860
<b>Basel III</b>			
Common Equity Tier 1 capital ratio, % <sup>*</sup>	15.0	13.1	13.3

<sup>\*</sup> Estimate based on SEB's interpretation of future regulation.

Based on an average risk-weight of 7.9 per cent for the Swedish residential mortgage lending under Pillar 1 at 30 September 2013, the additional Pillar 2 risk-weighted assets would amount to SEK 28bn. The Swedish Common Equity Tier 1 requirement of 12 per cent (from 2015) means that SEB, at 30 September, would be required to hold additional Common Equity Tier 1 capital in the amount of SEK 3.3bn, which would correspond to approximately 58 basis points on the Common Equity Tier 1 capital ratio under Pillar 1.

### Rating

SEB's long-term senior unsecured ratings are 'A1' (stable outlook) by Moody's and 'A+' (stable outlook) by Fitch. Standard & Poor's SEB rating of 'A+' has a negative outlook due to S&P's negative outlook on the macroeconomic situation in Sweden.

### Long-term financial targets

SEB's long-term financial targets are to:

- pay a yearly dividend that is 40 per cent or above of the earnings per share,
  - target a Common Equity Tier 1 ratio (Basel III) of 13 per cent, and
  - generate return on equity that is competitive with peers.
- This means that the Bank in the long-term aspires to reach a return on equity of 15 per cent.

As of 30 September 2013, the Common Equity Tier 1 ratio (Basel III) was 15.0 per cent and the return on equity for the first nine months was 12.8 per cent.

### Risks and uncertainties

During the autumn, the uncertainty around a potential United States default on its issued securities as well as the Federal Reserve Bank's potential reduction of its liquidity support to financial markets have characterised the markets. The short-, medium- and long-term direct and indirect effects are difficult to assess. It once again underlines that the macroeconomic environment is the major driver of risk to the Group's earnings

and financial stability. In particular, it affects the asset quality and thereby the credit risk of the Group.

The medium-term outlook for the global economy is characterised by uncertainty. The global policy measures to limit the risk of severe shocks to the economy have created more stability to the financial system. However, a prolonged period of weak economic growth cannot be ruled out.

SEB assumes credit, market, liquidity, operational and life insurance risks. The risk composition of the Group, as well as the related risk management, are further described in SEB's Annual Report.

The international Basel III regulatory framework in relation to capital, liquidity and funding standards could have long-term effects on asset and liability management and profitability of the banking sector. These aspects remain to be decided and implemented in Sweden, while the EU has adopted the regulatory framework.

#### **Proposed reduction of Finnish corporate tax**

The Finnish government has proposed a reduction of the corporate tax rate from 24.5 per cent to 20 per cent from 1 January 2014. The parliamentary resolution is expected in December this year.

If the proposal is implemented, the Group's deferred tax assets and deferred tax liabilities subject to Finnish income tax will then be revalued at 20 per cent, which is expected to have a positive one-off effect of approximately SEK 250m in the fourth quarter 2013. The effect going forward is small.

**Stockholm, 24 October 2013**

*The President declares that the Interim Accounts for January-September 2013 provide a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.*

**Annika Falkengren**

President and Chief Executive Officer

**Press conference and webcasts**

The press conference at 9 am (CET) on 24 October 2013 at Kungsträdgårdsgatan 8 with President and CEO Annika Falkengren can be followed live in Swedish on [www.sebgroup.com/sv/ir](http://www.sebgroup.com/sv/ir). A simultaneous translation into English will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir). A replay will also be available afterwards.

**Access to telephone conference**

The telephone conference at 3 pm (CET) on 24 October 2013 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 7131 2799. Please quote conference id: 937472, not later than 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).

**Financial information calendar**

5 February 2014	Annual accounts 2013
4 March 2014	Annual report 2013
25 March 2014	Annual general meeting
25 April 2014	Interim report January-March 2014
18 July 2014	Interim report January-June 2014
16 October 2014	Interim report January-September 2014

**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](http://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](http://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 Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies and the supplementary accounting rules for legal entities (RFR 2) issued by the Swedish Financial Reporting Board.

As of the 2013 financial year, IFRS 13 Fair Value Measurement comes into effect for application in the EU. The

standard contains joint principles for fair value measurement of most assets and liabilities at fair value, and for which information about fair value must be disclosed. The application of IFRS 13 does not affect the reported values for financial instruments to any material degree. In accordance with IAS 1 Presentation of Financial Statements the presentation of Comprehensive Income has been amended so that items that can be reclassified to profit or loss later are separated from the items that cannot. In addition to this, amendments in IFRS 7 Financial Instruments: Disclosures and the introduction of IFRS 13 require further disclosures about off-setting of financial instruments and financial instruments at fair value. 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 2012 Annual Report.

In 2012, SEB opted for early adoption of the amendments in IAS 19 Employee Benefits for defined benefit plans. More information regarding the restatement of comparable figures can be found on page 33 in the Annual Accounts 2012 and in note 54 of the Annual Report 2012.

## Review report

We have reviewed this report for the period 1 January 2013 to 30 September 2013 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 Standard on Review Engagements SÖG 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, 24 October 2013

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
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	2012	
Net interest income	4 759	4 677	2	4 466	7	13 895	13 177	5	17 635				
Net fee and commission income	3 735	3 811	-2	3 192	17	10 793	9 905	9	13 620				
Net financial income	825	1 087	-24	1 091	-24	2 866	3 597	-20	4 579				
Net life insurance income	794	689	15	861	-8	2 365	2 597	-9	3 428				
Net other income	211	384	-45	71	197	604	-90		-439				
<b>Total operating income</b>	<b>10 324</b>	<b>10 648</b>	<b>-3</b>	<b>9 681</b>	<b>7</b>	<b>30 523</b>	<b>29 186</b>	<b>5</b>	<b>38 823</b>				
Staff costs	-3 474	-3 613	-4	-3 602	-4	-10 643	-10 924	-3	-14 596				
Other expenses	-1 457	-1 481	-2	-1 573	-7	-4 519	-4 816	-6	-6 444				
Depreciation, amortisation and impairment of tangible and intangible assets	-522	-491	6	-464	13	-1 464	-1 388	5	-2 612				
<b>Total operating expenses</b>	<b>-5 453</b>	<b>-5 585</b>	<b>-2</b>	<b>-5 639</b>	<b>-3</b>	<b>-16 626</b>	<b>-17 128</b>	<b>-3</b>	<b>-23 652</b>				
<b>Profit before credit losses</b>	<b>4 871</b>	<b>5 063</b>	<b>-4</b>	<b>4 042</b>	<b>21</b>	<b>13 897</b>	<b>12 058</b>	<b>15</b>	<b>15 171</b>				
Gains less losses from disposals of tangible and intangible assets	14	11	27	1		35	-1		1				
Net credit losses	-267	-291	-8	-186	44	-814	-661	23	-937				
<b>Operating profit</b>	<b>4 618</b>	<b>4 783</b>	<b>-3</b>	<b>3 857</b>	<b>20</b>	<b>13 118</b>	<b>11 396</b>	<b>15</b>	<b>14 235</b>				
Income tax expense	-865	-975	-11	-868	0	-2 545	-2 494	2	-2 093				
<b>Net profit from continuing operations</b>	<b>3 753</b>	<b>3 808</b>	<b>-1</b>	<b>2 989</b>	<b>26</b>	<b>10 573</b>	<b>8 902</b>	<b>19</b>	<b>12 142</b>				
Discontinued operations		-17	-100	-155	-100	-17	-487	-97	-488				
<b>Net profit</b>	<b>3 753</b>	<b>3 791</b>	<b>-1</b>	<b>2 834</b>	<b>32</b>	<b>10 556</b>	<b>8 415</b>	<b>25</b>	<b>11 654</b>				
Attributable to minority interests	2	1	100	4	-50	6	15	-60	22				
Attributable to shareholders	3 751	3 790	-1	2 830	33	10 550	8 400	26	11 632				
Continuing operations													
Basic earnings per share, SEK	1.71	1.74		1.36		4.82	4.06		5.53				
Diluted earnings per share, SEK	1.70	1.72		1.36		4.79	4.04		5.51				
Total operations													
Basic earnings per share, SEK	1.71	1.73		1.29		4.82	3.83		5.31				
Diluted earnings per share, SEK	1.70	1.72		1.29		4.78	3.82		5.29				

## Statement of comprehensive income – SEB Group

SEK m	Q3			Q2			Q3			Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	2012	
<b>Net profit</b>	<b>3 753</b>	<b>3 791</b>	<b>-1</b>	<b>2 834</b>	<b>32</b>	<b>10 556</b>	<b>8 415</b>	<b>25</b>	<b>11 654</b>				
<i>Items that may subsequently be reclassified to the income statement:</i>													
Available-for-sale financial assets	248	-65		376	-34	660	735	-10	1 276				
Cash flow hedges	-57	-650	-91	687		-1 255	429		581				
Translation of foreign operations	-290	972		-810	-64	39	-1 035		-670				
<i>Items that will not be reclassified to the income statement:</i>													
Defined benefit plans	2 455	-91		-99		3 140	-445		-2 003				
<b>Other comprehensive income (net of tax)</b>	<b>2 356</b>	<b>166</b>		<b>154</b>		<b>2 584</b>	<b>- 316</b>		<b>- 816</b>				
<b>Total comprehensive income</b>	<b>6 109</b>	<b>3 957</b>	<b>54</b>	<b>2 988</b>	<b>104</b>	<b>13 140</b>	<b>8 099</b>	<b>62</b>	<b>10 838</b>				
Attributable to minority interests	1	2	-50	-3		2	16	-88	22				
Attributable to shareholders	6 108	3 955	54	2 991	104	13 138	8 083	63	10 816				

## Balance sheet – SEB Group

SEK m	30 Sep 2013	31 Dec 2012	30 Sep 2012
Cash and cash balances with central banks	259 103	191 445	187 126
Other lending to central banks	5 964	17 718	21
Loans to other credit institutions <sup>1)</sup>	113 819	126 023	122 655
Loans to the public	1 281 543	1 236 088	1 238 048
Financial assets at fair value *	780 341	725 938	717 178
Available-for-sale financial assets *	46 074	50 599	49 170
Held-to-maturity investments *	84	82	81
Investments in associates	1 218	1 252	1 239
Tangible and intangible assets	28 955	28 494	29 098
Other assets	51 806	75 817	54 281
<b>Total assets</b>	<b>2 568 907</b>	<b>2 453 456</b>	<b>2 398 897</b>
Deposits from central banks and credit institutions	215 761	170 656	212 928
Deposits and borrowing from the public	923 143	862 260	811 901
Liabilities to policyholders	302 925	285 973	280 231
Debt securities	702 976	661 851	654 843
Other financial liabilities at fair value	214 660	237 001	232 582
Other liabilities	69 036	96 349	68 030
Provisions	2 648	5 572	7 536
Subordinated liabilities	22 087	24 281	24 184
Total equity	115 671	109 513	106 662
<b>Total liabilities and equity</b>	<b>2 568 907</b>	<b>2 453 456</b>	<b>2 398 897</b>
* Of which bonds and other interest bearing securities including derivatives.	444 091	460 423	447 176

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 2013	31 Dec 2012	30 Sep 2012
Collateral pledged for own liabilities <sup>1)</sup>	376 099	352 459	351 989
Assets pledged for liabilities to insurance policyholders	302 925	288 721	280 231
Collateral and comparable security pledged for own liabilities	679 024	641 180	632 220
Other pledged assets and comparable collateral <sup>2)</sup>	139 120	135 372	250 219
Contingent liabilities	97 710	94 175	91 517
Commitments	451 159	407 423	399 360

1) Of which collateralised for covered bonds SEK 331,754m (320,859 / 307,118).

2) Securities lending SEK 62,896m (66,675 / 49,671) and pledged but unencumbered bonds SEK 76,225m (68,697 / 68,409).

## Key figures – SEB Group

	Q3	Q2	Q3	Jan - Sep		Full year
	2013	2013	2012	2013	2012	2012
<b>Continuing operations</b>						
Return on equity, continuing operations, %	13.37	14.08	11.35	12.78	11.39	11.52
Basic earnings per share, continuing operations, SEK	1.71	1.74	1.36	4.82	4.06	5.53
Diluted earnings per share, continuing operations, SEK	1.70	1.72	1.36	4.79	4.04	5.51
Cost/income ratio, continuing operations	0.53	0.52	0.58	0.54	0.59	0.61
Number of full time equivalents, continuing operations <sup>1)</sup>	15 743	16 004	16 415	15 906	16 663	16 578
<b>Total operations</b>						
Return on equity, %	13.37	14.02	10.76	12.76	10.76	11.06
Return on total assets, %	0.59	0.58	0.47	0.55	0.47	0.48
Return on risk-weighted assets, %	1.63	1.66	1.31	1.56	1.32	1.36
Basic earnings per share, SEK	1.71	1.73	1.29	4.82	3.83	5.31
Weighted average number of shares, millions <sup>2)</sup>	2 192	2 189	2 193	2 191	2 191	2 191
Diluted earnings per share, SEK	1.70	1.72	1.29	4.78	3.82	5.29
Weighted average number of diluted shares, millions <sup>3)</sup>	2 206	2 208	2 198	2 207	2 199	2 199
Net worth per share, SEK	58.76	55.93	55.30	58.76	55.30	56.33
Equity per share, SEK	52.72	49.93	48.60	52.72	48.60	49.92
Average shareholders' equity, SEK, billion	112.2	108.2	105.1	110.2	104.0	105.2
Credit loss level, %	0.08	0.09	0.11	0.08	0.08	0.08
Liquidity Coverage Ratio (LCR) <sup>4)</sup> , %	114	114	154	114	154	113
Capital adequacy including transitional floor <sup>5)</sup> :						
Risk-weighted assets, SEK billion	911	929	860	911	860	879
Core Tier 1 capital ratio, %	10.95	10.28	11.33	10.95	11.33	10.05
Tier 1 capital ratio, %	11.77	11.12	12.94	11.77	12.94	11.65
Total capital ratio, %	11.74	11.29	12.74	11.74	12.74	11.47
Capital adequacy without transitional floor (Basel II):						
Risk-weighted assets, SEK billion	574	593	591	574	591	586
Core Tier 1 capital ratio, %	17.37	16.10	16.51	17.37	16.51	15.09
Tier 1 capital ratio, %	18.67	17.43	18.85	18.67	18.85	17.48
Total capital ratio, %	18.62	17.70	18.56	18.62	18.56	17.22
Number of full time equivalents <sup>1)</sup>	15 762	16 023	16 480	15 925	17 105	16 925
Assets under custody, SEK billion	5 814	5 411	4 788	5 814	4 788	5 191
Assets under management, SEK billion	1 427	1 387	1 271	1 427	1 271	1 328
<b>Discontinued operations</b>						
Basic earnings per share, discontinued operations, SEK	0.00	-0.01	-0.07	-0.01	-0.22	-0.22
Diluted earnings per share, discontinued operations, SEK	0.00	-0.01	-0.07	-0.01	-0.22	-0.22

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

2) The number of issued shares was 2,194,171,802. SEB owned 2,188,734 Class A shares for the equity-based programmes at year end 2012. During 2013 SEB has repurchased 17,500,000 shares and 18,871,496 shares have been sold. Thus, as at 30 September 2013 SEB owned 817,238 Class A-shares with a market value of SEK56m.

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

4) According to Swedish FSA regulations for respective period.

5) 80 per cent of RWA in Basel I

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

## Income statement on quarterly basis - SEB Group

SEK m	Q3	Q2	Q1	Q4	Q3
	2013	2013	2013	2012	2012
Net interest income	4 759	4 677	4 459	4 458	4 466
Net fee and commission income	3 735	3 811	3 247	3 715	3 192
Net financial income	825	1 087	954	982	1 091
Net life insurance income	794	689	882	831	861
Net other income*	211	384	9	- 349	71
<b>Total operating income</b>	<b>10 324</b>	<b>10 648</b>	<b>9 551</b>	<b>9 637</b>	<b>9 681</b>
Staff costs	-3 474	-3 613	-3 556	-3 672	-3 602
Other expenses	-1 457	-1 481	-1 581	-1 628	-1 573
Depreciation, amortisation and impairment of tangible and intangible assets**	- 522	- 491	- 451	-1 224	- 464
<b>Total operating expenses</b>	<b>-5 453</b>	<b>-5 585</b>	<b>-5 588</b>	<b>-6 524</b>	<b>-5 639</b>
<b>Profit before credit losses</b>	<b>4 871</b>	<b>5 063</b>	<b>3 963</b>	<b>3 113</b>	<b>4 042</b>
Gains less losses from disposals of tangible and intangible assets	14	11	10	2	1
Net credit losses	- 267	- 291	- 256	- 276	- 186
<b>Operating profit</b>	<b>4 618</b>	<b>4 783</b>	<b>3 717</b>	<b>2 839</b>	<b>3 857</b>
Income tax expense***	- 865	- 975	- 705	401	- 868
<b>Net profit from continuing operations</b>	<b>3 753</b>	<b>3 808</b>	<b>3 012</b>	<b>3 240</b>	<b>2 989</b>
Discontinued operations		- 17		- 1	- 155
<b>Net profit</b>	<b>3 753</b>	<b>3 791</b>	<b>3 012</b>	<b>3 239</b>	<b>2 834</b>
Attributable to minority interests	2	1	3	7	4
Attributable to shareholders	3 751	3 790	3 009	3 232	2 830
Continuing operations					
Basic earnings per share, SEK	1.71	1.74	1.37	1.47	1.36
Diluted earnings per share, SEK	1.70	1.72	1.36	1.47	1.36
Total operations					
Basic earnings per share, SEK	1.71	1.73	1.37	1.47	1.29
Diluted earnings per share, SEK	1.70	1.72	1.36	1.47	1.29

\* Repurchase of covered bonds has had a negative effect on Net other income of SEK 402m in Q4 2012. Repurchase of subordinated debt gave a net positive effect of SEK 201m in Q2 2013.

\*\* As a result of the strategic review of the IT development portfolio, non-used parts of the portfolio have been derecognised as intangible assets. The cost, SEK 753m, arising from this has been recognised in Q4 2012.

\*\*\* The positive income tax expense in Q4 2012 is a result of the reduction of the Swedish corporate tax rate, which has had a one-off effect of SEK 1.1bn from revaluation of deferred tax assets and liabilities.

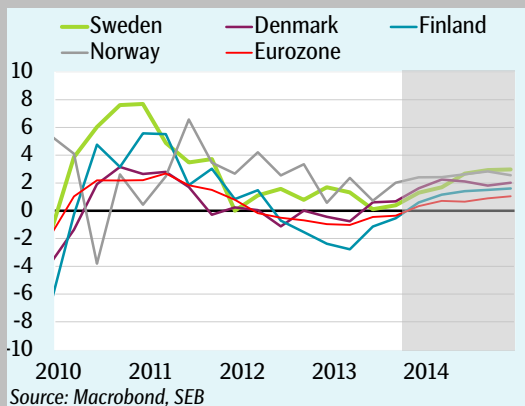


## Income statement by Division – SEB Group

Jan-Sep 2013, SEK m	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl eliminations	SEB Group
Net interest income	5 394	5 709	511	- 46	1 463	864	13 895
Net fee and commission income	4 129	2 979	2 405		722	558	10 793
Net financial income	2 567	278	104		288	- 371	2 866
Net life insurance income				3 397		-1 032	2 365
Net other income	188	59	63		- 20	314	604
<b>Total operating income</b>	<b>12 278</b>	<b>9 025</b>	<b>3 083</b>	<b>3 351</b>	<b>2 453</b>	<b>333</b>	<b>30 523</b>
Staff costs	-2 769	-2 238	- 915	- 886	- 474	-3 361	-10 643
Other expenses	-3 329	-2 227	- 954	- 428	- 721	3 140	-4 519
Depreciation, amortisation and impairment of tangible and intangible assets	- 112	- 50	- 28	- 696	- 66	- 512	-1 464
<b>Total operating expenses</b>	<b>-6 210</b>	<b>-4 515</b>	<b>-1 897</b>	<b>-2 010</b>	<b>-1 261</b>	<b>- 733</b>	<b>-16 626</b>
<b>Profit before credit losses</b>	<b>6 068</b>	<b>4 510</b>	<b>1 186</b>	<b>1 341</b>	<b>1 192</b>	<b>- 400</b>	<b>13 897</b>
Gains less losses from disposals of tangible and intangible assets	- 1				36		35
Net credit losses	- 183	- 382	- 6		- 242	- 1	- 814
<b>Operating profit</b>	<b>5 884</b>	<b>4 128</b>	<b>1 180</b>	<b>1 341</b>	<b>986</b>	<b>- 401</b>	<b>13 118</b>

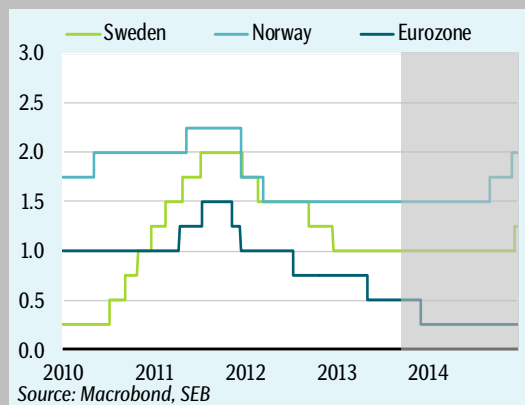
Wealth Management and Life are held together in a new division, Life & Wealth Management but are still presented separately.

# Macroeconomic development



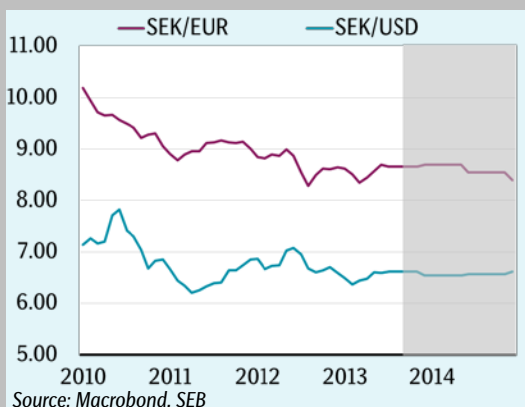
## Nordic and eurozone GDP development and SEB forecast (year-on-year % change)

- In Sweden, SEB's biggest market, proactive fiscal policy initiatives and rising employment will support growth in 2014.
- In Denmark, inflation has fallen and housing prices have stabilised helping household confidence rise to a five-year high.
- In Norway, rapidly growing capital spending will slow in 2014 but exports and robust real household incomes will fuel growth.
- In Finland, low capacity utilisation, rising unemployment and a tight fiscal policy are holding back capital spending and consumption.
- The eurozone economy is stabilising, but political challenges in the region continue.



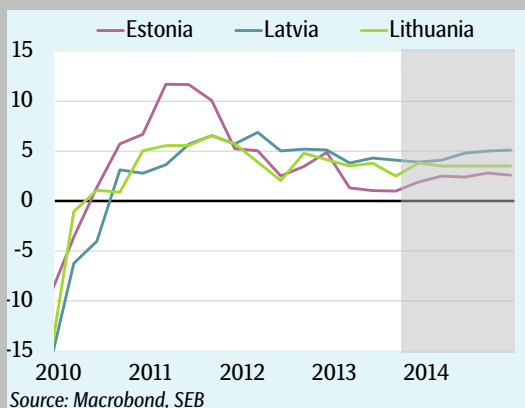
## Key interest rate development and SEB forecast

- The European central bank is expected to supply more liquidity via a new round of long-term loans. The refi rate is expected to be cut from 0.50 to 0.25 per cent in December 2013.
- Sweden's central bank is expected to raise its repo rate for the first time at the end of 2014.
- Norway's central bank is expected to hike its deposit rate by 50 basis points in the second half of 2014.



## Exchange rate development and SEB forecast

- During the third quarter 2013, the Swedish krona strengthened against both the euro and the US dollar, by 1 and 5 per cent, respectively.
- SEB expects a stronger Swedish krona. The euro rate is expected to reach 8.40 at the end of 2014.



## Baltic GDP development and SEB forecast (year-on-year % change)

- The economies in the Baltic countries are in balance.
- Estonian GDP growth slows in 2013 due to declining public investments and lower exports and will rebound somewhat in 2014.
- Latvian GDP growth is the highest within the EU, at 4 per cent this year. Latvia is approved to join the eurozone in 2014.
- Lithuanian GDP growth is expected to remain around 4 per cent and the country is likely to convert to the euro in 2015.

SEB's forecast reflects the view of the Bank's macroeconomists.

## 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	Total operating income			Total operating expenses			Operating profit			Operating profit in local currency		
	2013	2012	%	2013	2012	%	2013	2012	%	2013	2012	%
Sweden	18 319	16 603	10	-10 846	-10 773	1	7 139	5 542	29	7 139	5 542	29
Norway	2 350	2 464	- 5	- 895	-1 028	- 13	1 398	1 374	2	1 247	1 182	5
Denmark	2 201	2 255	- 2	- 975	-1 068	- 9	1 181	1 144	3	1 026	974	5
Finland	1 169	1 072	9	- 448	- 472	- 5	716	596	20	83	68	22
Germany*	2 169	2 237	- 3	-1 275	-1 355	- 6	828	855	- 3	97	96	1
Estonia**	847	905	- 6	- 387	- 405	- 4	486	515	- 6	57	59	- 3
Latvia**	725	768	- 6	- 360	- 386	- 7	174	188	- 7	14	15	- 7
Lithuania**	1 059	1 059	0	- 553	- 640	- 14	465	404	15	187	160	17
Other countries and eliminations	1 684	1 823	- 8	- 887	-1 001	- 11	731	778	- 6			
<b>Total</b>	<b>30 523</b>	<b>29 186</b>	<b>5</b>	<b>-16 626</b>	<b>-17 128</b>	<b>- 3</b>	<b>13 118</b>	<b>11 396</b>	<b>15</b>			

\*Excluding centralised Treasury operations

\*\*Profit before credit losses increased in Lithuania by 21 per cent and in Latvia and Estonia there was a decrease with 5 and 8 per cent respectively.

- Sweden's share of Group operating profit increased to 54 per cent due to higher customer activity
- Reduced operating expenses in all core markets internationally
- Continued growth of the credit portfolio in SEB's key growth markets

### Comments on the first nine months

Total operating profit in *Sweden* increased by 29 per cent and represented 54 per cent of the Group. Operating income increased by 10 per cent year-on-year and all divisions had a higher income level. Continuous growth in both private and corporate lending resulted in higher net interest income year-on-year. Corporate transactions and custody and mutual funds generated higher fee income. The cost base increased by 1 per cent but the number of employees continued to decrease.

In *Norway*, operating income in 2013 started out lower than 2012, but improved significantly in the third quarter. Market volatility and uncertainty affected the level of income year-to-date, but with strong net interest income and fees and commissions, operating income was in line with the 2012 level. Total costs were reduced by 13 per cent which led to an operating profit at approximately the same level as year-to-date 2012.

In *Denmark*, operating profit increased by 5 per cent, in local currency, compared to the same period last year. The

positive performance was mainly driven by increased corporate customer activities across the divisions; taking on new customers as well as extended business volume with existing customers. Merchant Banking and Wealth Management performed particularly well. Total costs decreased by 7 per cent in local currency.

In *Finland*, operating profit increased by 22 per cent in local currency. Customer activity increased in Merchant Banking and there was a positive cost efficiency effect for both Merchant Banking and Wealth Management.

In *Germany*, operating profit was virtually unchanged. Overall, the German corporate banking market position improved and investment banking products were in demand. Wealth Management income was affected by difficult market conditions, however operating income was only slightly below the corresponding period 2012.

In *Lithuania*, operating profit increased while it decreased in *Estonia* and *Latvia*. 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
	2013	2013	%	2012	%	2013	2012	%	2012	
Net interest income	1 862	1 801	3	1 676	11	5 394	5 269	2	6 966	
Net fee and commission income	1 535	1 562	-2	1 115	38	4 129	3 535	17	4 896	
Net financial income	712	961	-26	786	-9	2 567	2 846	-10	3 683	
Net other income	169	18		127	33	188	308	-39	292	
<b>Total operating income</b>	<b>4 278</b>	<b>4 342</b>	<b>-1</b>	<b>3 704</b>	<b>15</b>	<b>12 278</b>	<b>11 958</b>	<b>3</b>	<b>15 837</b>	
Staff costs	- 919	- 935	-2	- 950	-3	-2 769	-2 948	-6	-3 945	
Other expenses	-1 112	-1 122	-1	-1 098	1	-3 329	-3 348	-1	-4 465	
Depreciation, amortisation and impairment of tangible and intangible assets	- 36	- 42	-14	- 42	-14	- 112	- 124	-10	- 182	
<b>Total operating expenses</b>	<b>-2 067</b>	<b>-2 099</b>	<b>-2</b>	<b>-2 090</b>	<b>-1</b>	<b>-6 210</b>	<b>-6 420</b>	<b>-3</b>	<b>-8 592</b>	
<b>Profit before credit losses</b>	<b>2 211</b>	<b>2 243</b>	<b>-1</b>	<b>1 614</b>	<b>37</b>	<b>6 068</b>	<b>5 538</b>	<b>10</b>	<b>7 245</b>	
Gains less losses from disposals of tangible and intangible assets	- 1					- 1	- 6	-83	- 6	
Net credit losses	- 99	- 59	68	- 18		- 183	- 129	42	- 130	
<b>Operating profit</b>	<b>2 111</b>	<b>2 184</b>	<b>-3</b>	<b>1 596</b>	<b>32</b>	<b>5 884</b>	<b>5 403</b>	<b>9</b>	<b>7 109</b>	
Cost/Income ratio	0,48	0,48		0,56		0,51	0,54		0,54	
Business equity, SEK bn	50,2	49,3		36,3		49,2	36,5		36,7	
Return on business equity, %	13,0	13,7		13,0		12,3	14,6		14,3	
Number of full time equivalents	2 216	2 228		2 429		2 258	2 422		2 418	

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Higher corporate customer activity level and solid asset quality
- Facilitated the first Green Bond issue in the Nordic countries for the City of Gothenburg
- Return on business equity at par with third quarter 2012 despite significantly higher capital allocation

### Comments on the first nine months

After a slow start of the year, the third quarter showed an increased demand for corporate and investment banking services, but also a seasonal slowdown in customer activity within Markets. The positive market sentiment from the second quarter was more muted in the third quarter due to increased political uncertainty in the Middle East and the United States.

The corporate customers increased their activity levels, however the typical seasonal slowdown lead to decreased activity levels from financial institutions. Mergers, acquisitions and equity capital market activities continued to pick up from thin volumes at the beginning of the year. Corporate lending volumes increased marginally at the same time as corporate customers continued to utilise SEB to tap the bond market.

Operating income for the first nine months increased by 3 per cent compared with 2012 reflecting a stronger demand for corporate and investment banking services. Net interest income increased in line with the credit exposure. Net fee and commission income increased as a reflection of the pick-up in

customer activity especially in the second and third quarter. Operating expenses decreased by 3 per cent compared with the first nine months of 2012. Operating profit increased by 9 per cent year-on-year, and by 32 per cent compared to the third quarter 2012. Asset quality remained strong with low net credit losses.

The second phase of growth in the Nordic and German markets continued according to plan: to deepen relationships with existing customers and to continue to attract new clients. During the first nine months of 2013, 74 new customers were added, in line with the progress since 2010.

Some 50 per cent of corporate refinancing takes place in the corporate bond markets, which is a larger portion than before the crisis. SEB has continued to invest in new professionals to bring a larger number of issuers to the market and attract more investors both in the primary as well as secondary market. One recent example is the Green Bond that the City of Gothenburg issued during September.

## 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 the Nordic countries.

### Income statement

SEK m	Q3			Q2			Q3			Jan- Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	2012	
Net interest income	1956	1924	2	1796	9	5709	5296	8	7117				
Net fee and commission income	1003	1007	0	886	13	2979	2691	11	3648				
Net financial income	84	106	-21	79	6	278	253	10	339				
Net other income	20	27	-26	19	5	59	52	13	76				
<b>Total operating income</b>	<b>3063</b>	<b>3064</b>	<b>0</b>	<b>2780</b>	<b>10</b>	<b>9025</b>	<b>8292</b>	<b>9</b>	<b>11180</b>				
Staff costs	-725	-752	-4	-755	-4	-2238	-2293	-2	-3024				
Other expenses	-729	-743	-2	-787	-7	-2227	-2421	-8	-3266				
Depreciation, amortisation and impairment of tangible and intangible assets	-14	-17	-18	-24	-42	-50	-65	-23	-85				
<b>Total operating expenses</b>	<b>-1468</b>	<b>-1512</b>	<b>-3</b>	<b>-1566</b>	<b>-6</b>	<b>-4515</b>	<b>-4779</b>	<b>-6</b>	<b>-6375</b>				
<b>Profit before credit losses</b>	<b>1595</b>	<b>1552</b>	<b>3</b>	<b>1214</b>	<b>31</b>	<b>4510</b>	<b>3513</b>	<b>28</b>	<b>4805</b>				
Gains less losses from disposals of tangible and intangible assets													
Net credit losses	-97	-154	-37	-99	-2	-382	-333	15	-452				
<b>Operating profit</b>	<b>1498</b>	<b>1398</b>	<b>7</b>	<b>1115</b>	<b>34</b>	<b>4128</b>	<b>3180</b>	<b>30</b>	<b>4353</b>				
Cost/Income ratio	0,48	0,49		0,56		0,50	0,58		0,57				
Business equity, SEK bn	20,1	20,2		14,8		20,2	14,8		14,4				
Return on business equity, %	23,0	21,3		22,2		21,0	21,2		22,3				
Number of full time equivalents	3342	3585		3649		3479	3736		3708				

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- The focus on relationship banking continued to attract more full-service customers
- Corporate lending increased by 10 per cent
- Higher return on business equity

### Comments on the first nine months

The strategic initiative to grow the business continued during the third quarter and activities on both the private and corporate market remained high. This increased operating profit to SEK 4,128m (3,180).

Net interest income amounted to SEK 5,709m for the first nine months (5,296). Growth of residential mortgage lending decelerated during the third quarter while portfolio margins were slightly up. 13,200 new home bank customers were added. Costs continued to trend down as cost efficiencies were realised and the cost/income ratio now trends below 0.50. The credit losses amounted to SEK 382m indicating a continued solid asset quality (333).

SEB continued to develop its offering for the digital channels making it easier for all customers to interact with the bank. An upgraded smartphone application for private

customers was launched in August and more customers continued to visit the bank via mobile channels than through the internet bank. In addition, an upgraded version of the current internet bank was developed and subsequently released in October.

Relations with the corporate customers intensified during the third quarter and corporate lending grew by 10 per cent since the beginning of the year to SEK 167bn. 7,400 new full-service customers chose SEB as their house bank.

The turnover in the Card business was unchanged compared to last year following growth in the issuing business and a downturn of acquiring business. In addition to new services and functionalities for the corporate market, SEB Kort launched a new co-branded card "SEB Selected", for Private Banking.



## Wealth Management

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

### Income statement

SEK m	Q3		Q2		Q3		Jan- Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2012	
Net interest income	174	180	-3	160	9	511	509	0	667	
Net fee and commission income	752	832	-10	733	3	2 405	2 318	4	3 244	
Net financial income	14	52	-73	30	-53	104	66	58	97	
Net other income	1	60	-98	-7		63	27	133	30	
<b>Total operating income</b>	<b>941</b>	<b>1 124</b>	<b>-16</b>	<b>916</b>	<b>3</b>	<b>3 083</b>	<b>2 920</b>	<b>6</b>	<b>4 038</b>	
Staff costs	-301	-297	1	-339	-11	-915	-991	-8	-1 322	
Other expenses	-304	-349	-13	-333	-9	-954	-1 051	-9	-1 379	
Depreciation, amortisation and impairment of tangible and intangible assets	-9	-9	0	-10	-10	-28	-32	-13	-43	
<b>Total operating expenses</b>	<b>-614</b>	<b>-655</b>	<b>-6</b>	<b>-682</b>	<b>-10</b>	<b>-1 897</b>	<b>-2 074</b>	<b>-9</b>	<b>-2 744</b>	
<b>Profit before credit losses</b>	<b>327</b>	<b>469</b>	<b>-30</b>	<b>234</b>	<b>40</b>	<b>1 186</b>	<b>846</b>	<b>40</b>	<b>1 294</b>	
Gains less losses from disposals of tangible and intangible assets										
Net credit losses	-6	-1				-6	1		-5	
<b>Operating profit</b>	<b>321</b>	<b>468</b>	<b>-31</b>	<b>234</b>	<b>37</b>	<b>1 180</b>	<b>847</b>	<b>39</b>	<b>1 289</b>	
Cost/Income ratio	0,65	0,58		0,74		0,62	0,71		0,68	
Business equity, SEK bn	8,4	8,3		5,8		8,4	6,0		6,0	
Return on business equity, %	11,8	17,3		12,0		14,5	13,9		16,0	
Number of full time equivalents	876	890		913		897	948		940	

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Positive momentum, with continued customers' confidence, in Private Banking; net inflow SEK 23bn
- Continued high interest for SEB's niche alternative products among institutional customers
- Improved nine-month return on business equity

### Comments on the first nine months

The operating profit of SEK 1,180m increased by 39 per cent compared with the same period last year. Base commissions, at a total of SEK 2,029m (1,996), increased mainly due to a positive stock market development resulting in higher average asset values. Margins were slightly lower. Performance and transaction fees amounted to SEK 122m (87), mainly increasing due to higher performance fee from discretionary mandates.

Operating expenses decreased by 9 per cent compared to last year to SEK 1,897m (2,074). Compared to the second quarter 2013, net fee and commission income dropped due to seasonal effects relating to lower transaction fees and customer activities.

During the third quarter, SEB was awarded a number of strategically important institutional mandates, both in Sweden and internationally. SEB's newly launched closed-end funds were well received on the market. In addition, institutional customers increased their investments in SEB's other niche

alternative products. Overall, mainly due to structural changes, there was a net outflow of SEK 7bn from institutions since year-end.

SEB continued to improve the customer offering for mutual funds, where SEB's equity and mixed funds had positive inflows. This was complemented by carefully selected external funds, in which there was still significant inflow especially into external high-yield products.

Private Banking continued to attract new customers; 723 new clients (775), as well as SEK 23bn in new volumes since the beginning of the year (21). The launch of a new exclusive card for Private Banking clients in the Swedish market, "SEB's Selected", was well received by clients and strengthened the holistic offering further.

The division's total assets under management amounted to an all-time high SEK 1,341bn (1,176). This was an increase of 9 per cent from year-end.

## Life

Life 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
	2013	2013	%	2012	%	2012	%	2013	2012	%	2012		
Net interest income	- 10	- 18	-44	- 20	-50	- 46	- 68	-32	- 86				
Net life insurance income	1155	1024	13	1179	- 2	3 397	3 558	- 5	4 707				
<b>Total operating income</b>	<b>1 145</b>	<b>1 006</b>	<b>14</b>	<b>1 159</b>	<b>-1</b>	<b>3 351</b>	<b>3 490</b>	<b>-4</b>	<b>4 621</b>				
Staff costs	- 297	- 289	3	- 294	1	- 886	- 909	- 3	-1214				
Other expenses	- 131	- 151	-13	- 137	- 4	- 428	- 409	5	- 537				
Depreciation, amortisation and impairment of tangible and intangible assets	- 229	- 236	- 3	- 224	2	- 696	- 681	2	- 890				
<b>Total operating expenses</b>	<b>- 657</b>	<b>- 676</b>	<b>-3</b>	<b>- 655</b>	<b>0</b>	<b>-2 010</b>	<b>-1 999</b>	<b>1</b>	<b>-2 641</b>				
<b>Profit before credit losses</b>	<b>488</b>	<b>330</b>	<b>48</b>	<b>504</b>	<b>-3</b>	<b>1 341</b>	<b>1 491</b>	<b>-10</b>	<b>1 980</b>				
<b>Operating profit</b>	<b>488</b>	<b>330</b>	<b>48</b>	<b>504</b>	<b>-3</b>	<b>1 341</b>	<b>1 491</b>	<b>-10</b>	<b>1 980</b>				
Cost/Income ratio	0,57	0,67		0,57		0,60	0,57		0,57				
Business equity, SEK bn	8,2	8,2		6,5		8,2	6,5		6,5				
Return on business equity, %	20,7	14,0		27,0		18,9	26,6		26,5				
Number of full time equivalents	1 358	1 349		1 323		1 340	1 311		1 320				

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- The ranking of the fund offering for unit-linked improved in the third quarter
- Premium income continued to grow
- Third quarter return on business equity improved

### Comments on the first nine months

SEB's position in the annual survey "Marknadsindikatorn" among insurance intermediaries in Sweden, improved to the top-three. SEB was number one on the Swedish market for unit-linked insurance and held the same position for the prioritised segment of unit-linked occupational pension. In Lithuania, a loan payment insurance product was launched in September. The product is now offered in all three Baltic countries and has been well received by the customers.

The operating profit for the first nine months amounted to SEK 1,341m (1,491). The second quarter, where the traditional portfolios were negatively affected by rising long-term interest rates and declining stock markets, was followed by the opposite market development in the third quarter. The unit-linked income developed positively and improved by 5 per cent to SEK 2,102m during the first nine months. The increase in income was mainly a result of higher fund values. The unit-linked business continues to provide a major part of the total income. For the first nine months, the share was 63 per cent. The decline in total income compared to last year, was mainly

due to a lower result in the traditional portfolios and in the risk business. Expenses were virtually unchanged compared to last year. Expenses before commissions to sales channels decreased by 4 per cent or SEK 55m to 1,322m.

Total premium income relating to new and existing policies continued to increase compared to the same period last year and amounted to SEK 23bn, which was 14 per cent higher. The improvement was primarily a result of growth in the Irish operations. Premiums also increased slightly in Denmark and in the Baltics, but decreased in Sweden.

The weighted sales volume of new policies decreased by 1 per cent from last year and amounted to SEK 29bn. Unit-linked business represented 88 per cent of sales (83) and the share of corporate paid policies was 72 per cent (76).

The total fund value in unit-linked amounted to SEK 224bn which is 24bn higher than a year ago and up 20bn since year-end. In the first nine months, net inflow was SEK 5bn and the appreciation in value was SEK 15bn or 7 per cent. Total assets under management amounted to SEK 463bn.

## 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 2012
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%		
Net interest income	526	487	8	482	9	1 463	1 509	-3	1 970				
Net fee and commission income	248	243	2	233	6	722	673	7	919				
Net financial income	98	110	-11	103	-5	288	324	-11	423				
Net other income	-5	-11	-55	-4	25	-20	-8	150	-11				
<b>Total operating income</b>	<b>867</b>	<b>829</b>	<b>5</b>	<b>814</b>	<b>7</b>	<b>2 453</b>	<b>2 498</b>	<b>-2</b>	<b>3 301</b>				
Staff costs	-161	-158	2	-162	-1	-474	-509	-7	-681				
Other expenses	-241	-240	0	-250	-4	-721	-761	-5	-1 080				
Depreciation, amortisation and impairment of tangible and intangible assets	-22	-22	0	-32	-31	-66	-97	-32	-280				
<b>Total operating expenses</b>	<b>-424</b>	<b>-420</b>	<b>1</b>	<b>-444</b>	<b>-5</b>	<b>-1 261</b>	<b>-1 367</b>	<b>-8</b>	<b>-2 041</b>				
<b>Profit before credit losses</b>	<b>443</b>	<b>409</b>	<b>8</b>	<b>370</b>	<b>20</b>	<b>1 192</b>	<b>1 131</b>	<b>5</b>	<b>1 260</b>				
Gains less losses from disposals of tangible and intangible assets	15	11	36	5	200	36	8		9				
Net credit losses	-66	-78	-15	-70	-6	-242	-202	20	-351				
<b>Operating profit</b>	<b>392</b>	<b>342</b>	<b>15</b>	<b>305</b>	<b>29</b>	<b>986</b>	<b>937</b>	<b>5</b>	<b>918</b>				
Cost/Income ratio	0,49	0,51		0,55		0,51	0,55		0,62				
Business equity, SEK bn	8,5	9,1		8,5		8,9	8,7		8,8				
Return on business equity, %	16,4	13,4		13,0		13,1	13,1		9,7				
Number of full time equivalents	2 794	2 793		2 907		2 797	2 989		2 960				

#### Baltic Banking (excl RHC)

<b>Operating profit</b>	<b>404</b>	<b>356</b>	<b>13</b>	<b>326</b>	<b>24</b>	<b>1 027</b>	<b>1 004</b>	<b>2</b>	<b>1 016</b>
Cost/Income ratio	0,47	0,48		0,52		0,49	0,52		0,59
Business equity, SEK bn	8,1	8,7		8,4		8,6	8,7		8,7
Return on business equity, %	17,7	14,6		14,0		14,2	14,2		10,9

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Gradual recovery of customer activity and credit demand
- Operating profit increased by 5 per cent year-on-year
- Third quarter return on business equity improved

#### Comments on the first nine months

The Baltic countries have been the fastest-growing economies in the EU since 2011. Growth in Estonia decelerated somewhat in 2013, while growth in Latvia and Lithuania remained fairly strong. The Baltic GDP growth was driven by stable and slowly rising private consumption.

Baltic loan volumes amounted to SEK 100bn (96). Of this, 16, 18 and 24 per cent are corporate loans in Estonia, Latvia and Lithuania, respectively. Mortgage loans grew by 1 per cent in Estonia and decreased by 1 per cent in Lithuania and by 6 per cent in Latvia. Lending margins remained relatively stable across the portfolio with slightly higher margins on new loans.

Baltic deposit volumes amounted to SEK 70bn (64). With low deposit margins prevailing in each of the Baltic countries, net interest income declined 1 per cent in local currencies

year-on-year. However, net interest income increased by 7 per cent in the third quarter (in local currency).

Total operating expenses were 6 per cent lower than the first nine months of 2012, excluding the currency effect. The operating profit improved by 5 per cent year-on-year, and by 15 per cent in the third quarter. Non-performing loans declined by 42 per cent in SEK year-on-year. The non-performing loans coverage ratio was 64 per cent. The net credit loss level was 32 basis points for the first nine months.

SEB was named Best Bank in Lithuania and in Estonia by Euromoney and best internet bank in Latvia by Global Finance. In Estonia and Lithuania, SEB launched enhanced mobile banking services for smartphones and tablet computers.

The real estate holding companies held assets at a total book value of SEK 2,660m (1,950).

# The SEB Group

## Net interest income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2012		
Interest income	12 147	12 567	- 3	13 179	- 8	37 035	41 006	- 10	53 794		
Interest expense	-7 388	-7 890	- 6	-8 713	- 15	-23 140	-27 829	- 17	-36 159		
<b>Net interest income</b>	<b>4 759</b>	<b>4 677</b>	<b>2</b>	<b>4 466</b>	<b>7</b>	<b>13 895</b>	<b>13 177</b>	<b>5</b>	<b>17 635</b>		

## Net fee and commission income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2012		
Issue of securities and advisory	154	161	- 4	92	67	380	405	- 6	646		
Secondary market and derivatives	482	647	- 26	501	- 4	1 624	1 460	11	1 940		
Custody and mutual funds	1 631	1 702	- 4	1 564	4	4 990	4 853	3	6 691		
Payments, cards, lending, deposits, guarantees and other	2 587	2 515	3	2 133	21	7 276	6 658	9	9 059		
<i>Whereof payments and card fees</i>	1 463	1 516	- 3	1 479	- 1	4 400	4 460	- 1	5 952		
<i>Whereof lending</i>	828	675	23	442	87	1 957	1 439	36	2 047		
<b>Fee and commission income</b>	<b>4 854</b>	<b>5 025</b>	<b>- 3</b>	<b>4 290</b>	<b>13</b>	<b>14 270</b>	<b>13 376</b>	<b>7</b>	<b>18 336</b>		
<b>Fee and commission expense</b>	<b>-1 119</b>	<b>-1 214</b>	<b>- 8</b>	<b>-1 098</b>	<b>2</b>	<b>-3 477</b>	<b>-3 471</b>	<b>0</b>	<b>-4 716</b>		
<b>Net fee and commission income</b>	<b>3 735</b>	<b>3 811</b>	<b>- 2</b>	<b>3 192</b>	<b>17</b>	<b>10 793</b>	<b>9 905</b>	<b>9</b>	<b>13 620</b>		

## Net financial income – SEB Group

SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2012		
Equity instruments and related derivatives	727	7		289	152	694	530	31	518		
Debt instruments and related derivatives	- 654	442		- 8		85	835	- 90	972		
Currency and related derivatives	659	650	1	809	- 19	2 030	2 278	- 11	3 163		
Other	93	- 12		1		57	- 46		- 74		
<b>Net financial income</b>	<b>825</b>	<b>1 087</b>	<b>- 24</b>	<b>1 091</b>	<b>- 24</b>	<b>2 866</b>	<b>3 597</b>	<b>- 20</b>	<b>4 579</b>		

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.

In the third quarter 2013 structured products offered to the public (such as equity index linked bonds) generated a positive effect of approximately SEK 640m in Equity related instruments (the effect in the previous quarter was negative at SEK 200m) and a corresponding negative effect in Debt related instruments (positive in the second quarter).

Year to date the positive effect from structured products offered to the public was approximately SEK 510m (360) 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
	2013	2013	%	2012	%	2013	2012	%	2012	
<i>Provisions:</i>										
Net collective provisions for individually assessed loans	- 51	160		- 62	-18	78	- 20			104
Net collective provisions for portfolio assessed loans	230	90	156	- 84		550	- 111			- 148
Specific provisions	81	- 380		2		- 492	- 442	11		- 532
Reversal of specific provisions no longer required	95	83	14	186	-49	253	472	-46		557
Net provisions for off-balance sheet items	- 1	1		2		6	23	-74		23
<b>Net provisions</b>	<b>354</b>	<b>- 46</b>		<b>44</b>		<b>395</b>	<b>- 78</b>			<b>4</b>
<i>Write-offs:</i>										
Total write-offs	-1 607	- 651	147	- 741	117	-3 077	-1 885	63		-2 892
Reversal of specific provisions utilized for write-offs	954	378	152	484	97	1 772	1 220	45		1 814
Write-offs not previously provided for	- 653	- 273	139	- 257	154	-1 305	- 665	96		-1 078
Recovered from previous write-offs	32	28	14	27	19	96	82	17		137
<b>Net write-offs</b>	<b>- 621</b>	<b>- 245</b>	<b>153</b>	<b>- 230</b>	<b>170</b>	<b>-1 209</b>	<b>- 583</b>	<b>107</b>		<b>- 941</b>
<b>Net credit losses</b>	<b>- 267</b>	<b>- 291</b>	<b>- 8</b>	<b>- 186</b>	<b>44</b>	<b>- 814</b>	<b>- 661</b>	<b>23</b>		<b>- 937</b>



## 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			
<b>Jan-Sep 2013</b>									
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
<b>Total comprehensive income</b>		<b>10 550</b>	<b>660</b>	<b>-1 255</b>	<b>43</b>	<b>3 140</b>	<b>13 138</b>	<b>2</b>	<b>13 140</b>
Dividend to shareholders		-6 004					-6 004	-63	-6 067
Employee share programme <sup>1)</sup>		-956					-956		-956
Change in holdings of own shares		41					41		41
<b>Closing balance</b>	<b>21 942</b>	<b>93 664</b>	<b>933</b>	<b>433</b>	<b>-2 379</b>	<b>1 049</b>	<b>115 642</b>	<b>29</b>	<b>115 671</b>
<b>Jan-Dec 2012</b>									
Opening balance	21 942	82 272	-1 003	1 107	-1 752	-88	102 478	261	102 739
Net profit		11 632					11 632	22	11 654
Other comprehensive income (net of tax)			1 276	581	-670	-2 003	-816		-816
<b>Total comprehensive income</b>		<b>11 632</b>	<b>1 276</b>	<b>581</b>	<b>-670</b>	<b>-2 003</b>	<b>10 816</b>	<b>22</b>	<b>10 838</b>
Dividend to shareholders		-3 795					-3 795		-3 795
Employee share programme <sup>1)</sup>		-113					-113		-113
Minority interests								-193	-193
Change in holdings of own shares		37					37		37
<b>Closing balance</b>	<b>21 942</b>	<b>90 033</b>	<b>273</b>	<b>1 688</b>	<b>-2 422</b>	<b>-2 091</b>	<b>109 423</b>	<b>90</b>	<b>109 513</b>
<b>Jan-Sep 2012</b>									
Opening balance	21 942	82 272	-1 003	1 107	-1 752	-88	102 478	261	102 739
Net profit		8 398					8 398	15	8 413
Other comprehensive income (net of tax)			735	429	-1 033	-445	-314	-2	-316
<b>Total comprehensive income</b>		<b>8 398</b>	<b>735</b>	<b>429</b>	<b>-1 033</b>	<b>-445</b>	<b>8 084</b>	<b>13</b>	<b>8 097</b>
Dividend to shareholders		-3 795					-3 795	-193	-3 988
Employee share programme <sup>1)</sup>		-224					-224		-224
Change in holdings of own shares		38					38		38
<b>Closing balance</b>	<b>21 942</b>	<b>86 689</b>	<b>-268</b>	<b>1 536</b>	<b>-2 785</b>	<b>-533</b>	<b>106 581</b>	<b>81</b>	<b>106 662</b>

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 2013	Jan-Dec 2012	Jan-Sep 2012
<b>Number of shares owned by SEB, million</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Opening balance	2,2	2,3	2,3
Repurchased shares	17,5	12,0	10,2
Sold/distributed shares	-18,9	-12,1	-11,3
<b>Closing balance</b>	<b>0,8</b>	<b>2,2</b>	<b>1,2</b>

Market value of shares owned by SEB, SEK m

56      121      66

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
	2013	2012	%	2012
Cash flow from operating activities	50 099	-28 219		-6 653
Cash flow from investment activities	-1 391	-778	79	-1 278
Cash flow from financing activities	-8 138	-4 721	72	-4 682
<b>Net increase in cash and cash equivalents</b>	<b>40 570</b>	<b>-33 718</b>		<b>-12 613</b>
Cash and cash equivalents at the beginning of year	257 292	276 853	-7	276 853
Exchange rate differences on cash and cash equivalents	-1 568	-6 674	-77	-6 948
Net increase in cash and cash equivalents	40 570	-33 718		-12 613
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>296 294</b>	<b>236 461</b>	<b>25</b>	<b>257 292</b>

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 2013		31 Dec 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 622 262	1 662 845	1 519 759	1 539 032
Equity instruments	155 341	155 341	110 409	110 409
Debt instruments	340 436	337 310	340 894	340 326
Derivative instruments	143 043	143 043	169 679	169 679
Financial assets - policyholders bearing the risk	223 468	223 468	203 333	203 333
Other	25 290	25 290	58 712	58 712
<b>Financial assets</b>	<b>2 509 840</b>	<b>2 547 297</b>	<b>2 402 786</b>	<b>2 421 491</b>
Deposits	1 138 904	1 189 217	1 032 916	1 043 939
Equity instruments	38 741	38 741	34 161	34 161
Debt instruments	760 391	766 346	729 192	739 195
Derivative instruments	139 092	139 092	157 861	157 861
Liabilities to policyholders - investment contracts	214 224	214 224	195 620	195 620
Other	26 240	25 608	56 580	56 685
<b>Financial liabilities</b>	<b>2 317 592</b>	<b>2 373 228</b>	<b>2 206 330</b>	<b>2 227 461</b>

SEB has grouped 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 2012.

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

SEK m	30 Sep 2013				31 Dec 2012			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total
<b>Assets</b>								
Financial assets								
- policyholders bearing the risk	217 404	4 423	1 641	223 468	189 480	12 294	1 559	203 333
Equity instruments	113 912	30 703	10 164	154 779	79 970	21 563	8 667	110 200
Debt instruments	108 881	193 672	1 528	304 081	131 674	158 654	1 867	292 195
Derivative instruments	357	141 537	1 150	143 044	110	167 741	1 828	169 679
Investment in associates <sup>1)</sup>			1 039	1 039			1 073	1 073
Investment properties			7 604	7 604			7 488	7 488
<b>Total</b>	<b>440 554</b>	<b>370 335</b>	<b>23 126</b>	<b>834 015</b>	<b>401 234</b>	<b>360 252</b>	<b>22 482</b>	<b>783 968</b>
<b>Liabilities</b>								
Liabilities to policyholders								
- investment contracts	209 124	3 894	1 206	214 224	182 293	11 827	1 500	195 620
Equity instruments	37 032	1 335	374	38 741	32 532	1 629		34 161
Debt instruments	21 513	13 815		35 328	35 403	7 657		43 060
Derivative instruments	681	136 965	1 446	139 092	501	154 716	2 644	157 861
Other issued securities <sup>2)</sup>		28 091		28 091		26 323		26 323
<b>Total</b>	<b>268 350</b>	<b>184 100</b>	<b>3 026</b>	<b>455 476</b>	<b>250 729</b>	<b>202 152</b>	<b>4 144</b>	<b>457 025</b>

1) Venture capital activities designated at fair value through profit and loss.

2) Equity index link bonds designated at fair value through profit and loss.

Financial assets and liabilities carried at fair value are classified in a fair value hierarchy according to the level of observability of prices or inputs used in a valuation technique. As part of the fair value measurement credit value adjustments (CVA) are incorporated into the derivative valuations for OTC-derivatives on a portfolio basis. The valuation techniques and inputs used for the fair value measurement are described in detail in the Annual Report 2012.

Financial assets - policyholders bearing the risk, Investment properties and Liabilities to policyholders - investment contracts are included in the table which is a change compared to the Annual Report 2012.

Risk control has the overall responsibility for classifying assets and liabilities as being in level 1, 2 or 3. The valuation process is the same for financial instruments in all levels. Market Risk Control is responsible for validating the prices used for valuation of financial instruments. In case of disagreement, there is an escalation process in place, whereby the product area head or equivalent can submit an escalation to the relevant pricing / valuation committee. The Valuation committee covers topics such as valuation of illiquid instruments, model validation findings, analysis of changes in fair value measurements and shocks on level 3 assets. The chairman of the Valuation Committee is appointed by the Head of Market Risk Control and the committee has permanent members from Divisional risk management, Group Finance and Market Risk Control.

Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. There have been no significant transfers between level 1 and level 2 during the period however there has been a reclassification of assets from level 2 to level 1 in the amount of SEK 10bn due to enhanced classification within the insurance business. There were changes in Level 3 financial instruments mainly due to valuation effects and from purchases and sales of Equity, Debt and Derivative instruments. In addition there has been a reclassification in the amount of SEK 2.2bn (11) of Equity instruments due to enhanced classification, from level 2 to level 3, within the insurance business.

### 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 measured at fair value 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.

The largest open market risk within Level 3 assets and liabilities is found within the insurance business. There have been no significant changes of sensitivity during Q3 2013.

SEK m	30 Sep 2013				31 Dec 2012			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives - interest rate <sup>1)</sup>	476	-902	-426	59	951	-1 504	-553	58
Capital Markets <sup>2)</sup>	371	-34	337	21	351	-52	299	20
CPM Portfolio <sup>3)</sup>	57		57	11	139		139	15
Venture Capital holding and similar holdings <sup>4)</sup>	1 651	-374	1 277	255	1 183		1 183	224
Insurance holdings - Financial instruments <sup>5)</sup>	11 076	-161	10 915	1 559	9 867	-105	9 762	1 501
Insurance holdings - Investment properties <sup>6)</sup>	8 915		8 915	891	7 488		7 488	749

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			
<b>30 Sep 2013</b>								
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
<b>Assets</b>	<b>279 180</b>	<b>-28 431</b>	<b>250 749</b>	<b>-121 814</b>	<b>-117 306</b>	<b>11 629</b>	<b>57 345</b>	<b>308 094</b>
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
<b>Liabilities</b>	<b>208 436</b>	<b>-28 431</b>	<b>180 005</b>	<b>-121 814</b>	<b>-42 516</b>	<b>15 675</b>	<b>44 918</b>	<b>224 923</b>
<b>31 Dec 2012</b>								
Derivatives	167 184	-12 459	154 725	-103 738	-43 882	7 105	14 954	169 679
Reversed repo receivables	91 422	-5 926	85 496	-9 370	-75 682	444	21 028	106 524
Securities borrowing	39 637	-3 905	35 732	-834	-32 018	2 880	9 426	45 158
Client receivables	7 576	-7 576					34 889	34 889
<b>Assets</b>	<b>305 819</b>	<b>-29 866</b>	<b>275 953</b>	<b>-113 942</b>	<b>-151 582</b>	<b>10 429</b>	<b>80 297</b>	<b>356 250</b>
Derivatives	159 697	-12 459	147 238	-103 738	-20 652	22 848	10 623	157 861
Repo payables	19 060	-5 926	13 134	-9 370	-3 764		15 701	28 835
Securities lending	28 362	-3 905	24 457	-834	-22 271	1 352	8 937	33 394
Client payables	7 576	-7 576					31 012	31 012
<b>Liabilities</b>	<b>214 695</b>	<b>-29 866</b>	<b>184 829</b>	<b>-113 942</b>	<b>-46 687</b>	<b>24 200</b>	<b>66 273</b>	<b>251 102</b>
<b>30 Sep 2012</b>								
Derivatives	174 788	-4 594	170 194	-122 123	-25 725	22 346	5 711	175 905
Reversed repo receivables	102 345	-2 084	100 261	-13 414	-86 468	379	32 937	133 198
Securities borrowing	54 702	-15 146	39 556	-6 019	-31 079	2 458		39 556
Client receivables	20 650	-20 650					10 372	10 372
<b>Assets</b>	<b>352 485</b>	<b>-42 474</b>	<b>310 011</b>	<b>-141 556</b>	<b>-143 272</b>	<b>25 183</b>	<b>49 020</b>	<b>359 031</b>
Derivatives	165 228	-4 594	160 634	-122 123	-24 993	13 518	2 015	162 649
Repo payables	18 154	-2 084	16 070	-13 414	-2 655	1	17 190	33 260
Securities lending	52 334	-15 146	37 188	-6 019	-29 844	1 325		37 188
Client payables	20 650	-20 650					9 318	9 318
<b>Liabilities</b>	<b>256 366</b>	<b>-42 474</b>	<b>213 892</b>	<b>-141 556</b>	<b>-57 492</b>	<b>14 844</b>	<b>28 523</b>	<b>242 415</b>

The table shows financial assets and liabilities that are presented net in the statement of financial position or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral. The Net amounts show the exposure in the case of normal business as well as in the events of default or bankruptcy.

Financial assets and liabilities are presented net in the statement of financial position 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 statement of financial position.

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.

## Reclassified portfolios – SEB Group

SEK m	Q3			Q2			Q3			Jan - Sep			Full year 2012
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%		
<b>Reclassified</b>													
Opening balance	23 148	26 193	-12	33 207	-30	29 342	42 169	-30	42 169				
Amortisations	-1 120	-2 248	-50	- 737	52	-4 013	-2 034	97	-2 862				
Securities sold	-1 051	-2 009	-48	56		-4 866	-7 045	-31	-8 656				
Accrued coupon	7	- 14	-150	25	-72	30	41	-27	9				
Exchange rate differences	- 399	1 226	-133	-1 738	-77	92	-2 318	-104	-1 318				
<b>Closing balance*</b>	<b>20 585</b>	<b>23 148</b>	<b>-11</b>	<b>30 813</b>	<b>-33</b>	<b>20 585</b>	<b>30 813</b>	<b>-33</b>	<b>29 342</b>				
* Market value	20 189	22 555	-10	29 597	-32	20 189	29 597	-32	28 423				
<b>Fair value impact - if not reclassified</b>													
In Equity (AFS origin)	- 15	210	-107	310	-105	372	875	-57	1 117				
In Income Statements (HFT origin)	2	24	-92	23	-91	30	119	-75	217				
<b>Total</b>	<b>- 13</b>	<b>234</b>	<b>-106</b>	<b>333</b>	<b>-104</b>	<b>402</b>	<b>994</b>	<b>-60</b>	<b>1 334</b>				
<b>Effect in Income Statements**</b>													
Net interest income	80	75	7	125	-36	243	499	-51	602				
Net financial income	- 286	635	-145	-1 041	-73	38	-1 336	-103	- 639				
Other income	- 18			- 3		- 26	- 390	-93	- 391				
<b>Total</b>	<b>- 224</b>	<b>710</b>	<b>-132</b>	<b>- 919</b>	<b>-76</b>	<b>255</b>	<b>-1 227</b>	<b>-121</b>	<b>- 428</b>				

\*\* 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	2013	2012	2012
<b>Individually assessed impaired loans</b>			
Impaired loans, past due > 60 days	4 882	7 234	7 469
Impaired loans, performing or past due < 60 days	365	767	994
<b>Total individually assessed impaired loans</b>	<b>5 247</b>	<b>8 001</b>	<b>8 463</b>
Specific reserves	- 2 621	- 4 165	- 4 394
<i>for impaired loans, past due &gt; 60 days</i>	- 2 377	- 3 783	- 4 024
<i>for impaired loans, performing or past due &lt; 60 days</i>	- 244	- 382	- 370
Collective reserves	- 1 716	- 1 790	- 1 882
<b>Impaired loans net</b>	<b>910</b>	<b>2 046</b>	<b>2 187</b>
Specific reserve ratio for individually assessed impaired loans	50.0%	52.1%	51.9%
Total reserve ratio for individually assessed impaired loans	82.7%	74.4%	74.2%
Net level of impaired loans	0.19%	0.28%	0.30%
Gross level of impaired loans	0.37%	0.58%	0.62%
<b>Portfolio assessed loans</b>			
Portfolio assessed loans past due > 60 days	4 534	5 389	5 678
Restructured loans	371	450	442
Collective reserves for portfolio assessed loans	- 2 362	- 2 914	- 2 926
Reserve ratio for portfolio assessed loans	48.2%	49.9%	47.8%
<b>Reserves</b>			
Specific reserves	- 2 621	- 4 165	- 4 394
Collective reserves	- 4 078	- 4 704	- 4 808
Reserves for off-balance sheet items	- 289	- 299	- 507
<b>Total reserves</b>	<b>- 6 988</b>	<b>- 9 168</b>	<b>- 9 709</b>
<b>Non-performing loans</b>			
Non-performing loans*	10 152	13 840	14 583
NPL coverage ratio	68.8%	66.2%	66.6%
NPL % of lending	0.72%	1.01%	1.06%

\* 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	2013	2012	2012
Properties, vehicles and equipment	2 846	2 251	2 055
Shares	46	49	49
<b>Total seized assets</b>	<b>2 892</b>	<b>2 300</b>	<b>2 104</b>

## Discontinued operations – SEB Group

### Income statement

SEK m	Q3			Q2		Q3			Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	2012
Total operating income	3	3	0	104	-97	40	227	-82	305			305
Total operating expenses	-14	-21	-33	-97	-86	-77	-556	-86	-645			-645
<b>Profit before credit losses</b>	<b>-11</b>	<b>-18</b>	<b>-39</b>	<b>7</b>	<b>0</b>	<b>-37</b>	<b>-329</b>	<b>-89</b>	<b>-340</b>			<b>-340</b>
Net credit losses		-20	-100	-179	-100	-20	-181	-89	-181			-181
<b>Operating profit</b>	<b>-11</b>	<b>-38</b>	<b>-71</b>	<b>-172</b>	<b>-94</b>	<b>-57</b>	<b>-510</b>	<b>-89</b>	<b>-521</b>			<b>-521</b>
Income tax expense	11	21	-48	17	-35	40	23	74	33			33
<b>Net profit from discontinued operations</b>	<b>0</b>	<b>-17</b>	<b>-100</b>	<b>-155</b>	<b>-100</b>	<b>-17</b>	<b>-487</b>	<b>-97</b>	<b>-488</b>			<b>-488</b>

### Assets and liabilities held for sale

SEK m	30 Sep 2013	31 Dec 2012	30 Sep 2012
Loans to the public			
Other assets			
<b>Total assets held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deposits from credit institutions			
Deposits and borrowing from the public			
Other liabilities			
<b>Total liabilities held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Cash flow statement

SEK m	Q3			Q2		Q3			Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	2012
Cash flow from operating activities	-61	-43	42	27		-129	13	0	65			65
Cash flow from investment activities							38	-100	38			38
Cash flow from financing activities	61	43	42	-29		129	140	-8	87			87
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>0</b>	<b>0</b>		<b>-2</b>		<b>0</b>	<b>191</b>	<b>-100</b>	<b>190</b>			<b>190</b>

Discontinued operations includes the work to finalise the operational separation of the divested retail operations in Germany and Ukraine.



## SEB financial group of undertakings

### Capital base of the SEB financial group of undertakings

SEK m	30 Sep 2013	31 Dec 2012
Total equity according to balance sheet	115 671	109 513
Dividend (excl repurchased shares)	-4 524	-6 028
Investments outside the financial group of undertakings	-65	-64
Other deductions outside the financial group of undertakings	-2 078	-4 451
<b>= Total equity in the capital adequacy</b>	<b>109 004</b>	<b>98 970</b>
Adjustment for hedge contracts	1 205	-473
Net provisioning amount for IRB-reported credit exposures	-276	0
Unrealised value changes on available-for-sale financial assets	-1 333	-597
Exposures where RWA is not calculated	-675	-802
Goodwill	-4 057	-4 147
Other intangible assets	-2 465	-2 559
Deferred tax assets	-1 672	-2 003
<b>= Core Tier 1 capital</b>	<b>99 731</b>	<b>88 389</b>
Tier 1 capital contribution (non-innovative)	4 334	4 300
Tier 1 capital contribution (innovative)	9 658	9 704
Investments in insurance companies	-6 538	
<b>= Tier 1 capital</b>	<b>107 185</b>	<b>102 393</b>
Dated subordinated debt	6 567	6 515
Deduction for remaining maturity	-53	-39
Perpetual subordinated debt	656	1 890
Net provisioning amount for IRB-reported credit exposures	-276	485
Unrealised gains on available-for-sale financial assets	1 270	990
Exposures where RWA is not calculated	-675	-802
Investments outside the financial group of undertakings	-65	-64
Investments in insurance companies	-6 538	
<b>= Tier 2 capital</b>	<b>886</b>	<b>8 975</b>
Investments in insurance companies	0	-10 501
Pension assets in excess of related liabilities	-1 160	0
<b>= Capital base</b>	<b>106 911</b>	<b>100 867</b>

The deduction for investments in insurance companies, which was earlier made from the total capital base, has been changed from 2013 so that half is deducted from Tier 1 capital and the remaining half from Tier 2 capital.

The valuation of the Swedish defined pension plan resulted in an equity increase, which strengthened the core Tier 1 and Tier 1 capital ratios. The total capital ratio was not affected since the pension surplus, less tax and the amount of pension assets that are unrestricted for Bank use, is deducted from the total capital base. Under the Basel III framework, this surplus is deducted from the Common Equity Tier 1 capital.

On 30 September 2013 the parent company's core Tier 1 capital was SEK 93,039m (88,093 at September 2012) and the reported core Tier 1 capital ratio was 13.1 per cent (13.8 at September 2012).

## Risk-weighted assets for the SEB financial group of undertakings

<b>Risk-weighted assets</b>	<b>30 Sep</b>	<b>31 Dec</b>
<b>SEK m</b>	<b>2013</b>	<b>2012</b>
<b>Credit risk IRB approach</b>		
Institutions	22 074	23 879
Corporates	335 634	326 666
Securitisation positions	4 638	5 177
Retail mortgages	42 039	42 896
Other retail exposures	10 440	9 365
Other exposure classes	1 480	1 461
<b>Total credit risk IRB approach</b>	<b>416 305</b>	<b>409 444</b>
<b>Further risk-weighted assets</b>		
Credit risk, Standardised approach	66 345	68 125
Operational risk, Advanced Measurement approach	39 778	40 219
Foreign exchange rate risk	5 674	14 042
Trading book risks	45 968	54 009
<b>Total risk-weighted assets</b>	<b>574 070</b>	<b>585 839</b>
<b>Summary</b>		
Credit risk	482 650	477 569
Operational risk	39 778	40 219
Market risk	51 642	68 051
<b>Total</b>	<b>574 070</b>	<b>585 839</b>
<b>Adjustment for flooring rules</b>		
Addition according to transitional flooring	336 552	293 398
<b>Total reported</b>	<b>910 622</b>	<b>879 237</b>

## Capital adequacy analysis for the SEB financial group of undertakings

Capital adequacy SEK m	30 Sep 2013	31 Dec 2012
<b>Capital resources</b>		
Core Tier 1 capital	99 731	88 389
Tier 1 capital	107 185	102 393
Capital base	106 911	100 867
<b>Capital adequacy without transitional floor (Basel II)</b>		
Risk-weighted assets	574 070	585 839
Expressed as capital requirement	45 926	46 867
Core Tier 1 capital ratio	17.4%	15.1%
Tier 1 capital ratio	18.7%	17.5%
Total capital ratio	18.6%	17.2%
Capital base in relation to capital requirement	2.33	2.15
<b>Capital adequacy including transitional floor</b>		
Transitional floor applied	80%	80%
Risk-weighted assets	910 622	879 237
Expressed as capital requirement	72 850	70 339
Core Tier 1 capital ratio	11.0%	10.1%
Tier 1 capital ratio	11.8%	11.6%
Total capital ratio	11.7%	11.5%
Capital base in relation to capital requirement	1.47	1.43
<b>Capital adequacy with risk-weighting according to Basel I</b>		
Risk-weighted assets	1 146 914	1 091 468
Expressed as capital requirement	91 753	87 317
Core Tier 1 capital ratio	8.7%	8.1%
Tier 1 capital ratio	9.3%	9.4%
Total capital ratio	9.3%	9.2%
Capital base in relation to capital requirement	1.17	1.16

### RWA development

Overall Basel II risk-weighted assets (RWA) before the effect of transitional flooring decreased by 2 per cent, or SEK 12bn, since year-end.

Risk-weighted assets	SEK bn
Balance 31 December 2012	586
Volumes changes	13
Currency effect	-2
RWA processes / regulatory changes	1
Risk class migration	-4
Risk-weight changes	-3
Market risk changes	-16
Other	-1
<b>Balance 30 September 2013</b>	<b>574</b>

Un-floored Basel II RWA was 50 per cent lower than Basel I RWA. The ultimate target is to use IRB reporting for all credit exposures except those to central governments, central banks and local governments and authorities and a small number of insignificant portfolios.

### 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 June 2013. The new rules apply from 1 January 2014 and are now in the process of being transposed into Swedish legislation. Due to the Swedish legislative process the implementation of CRD IV, the directive part of the CRD IV/CRR package, is likely to be delayed and the expected implementation date for this part is 1 July 2014. The CRR part is a regulation and hence applicable law in all member states when adopted by the EU.

CRD IV covers the implementation of buffer requirements, Pillar 2, etc. while CRR contains the minimum requirements and all technical calculation standards. The CRR rules establishes explicit minimum levels for Common Equity Tier 1 and Tier 1 capital and requires banks to hold more and higher quality capital. RWA will mainly be affected by an additional so-called credit value adjustment requirement for OTC-derivatives, new requirements for exposures on central counterparties, and an increase in risk weights for exposures on financial institutions.

In 2011, the Swedish government communicated stricter capital requirements than those stipulated under Basel III; a 12 per cent Common Equity Tier 1 requirement from 2015 (on a Basel III/CRD IV fully implemented basis).

The following table summarises average risk weights (Risk-Weighted Assets, RWA, divided by Exposure At Default, EAD) for exposures where RWA is calculated following 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.

<b>IRB reported credit exposures (less repos and securities lending)</b>	<b>30 Sep</b>	<b>31 Dec</b>
<b>Average risk-weight</b>	<b>2013</b>	<b>2012</b>
Institutions	18.2%	15.9%
Corporates	40.1%	40.8%
Securitisation positions	35.5%	34.7%
Retail mortgages	9.7%	10.4%
Other retail exposures	38.6%	37.4%

On 21 May 2013 the Swedish Financial Supervisory Authority decided to implement a 15 per cent floor for Swedish mortgage risk weights on portfolio level. The risk weight floor will be handled under Pillar 2 and does not affect the risk weights under Pillar 1.

# 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
	2013	2013	%	2012	%	2013	2012	%	2012		
Interest income	8 738	9 055	-4	9 169	-5	26 485	28 581	-7	38 470		
Leasing income	1 393	1 407	-1	1 405	-1	4 199	4 393	-4	5 817		
Interest expense	-5 374	-5 778	-7	-6 217	-14	-16 746	-20 080	-17	-26 809		
Dividends	2 875	1 950	47	737		4 825	2 189	120	2 214		
Fee and commission income	2 609	2 548	2	1 931	35	7 332	6 347	16	8 963		
Fee and commission expense	- 418	- 434	-4	- 320	31	-1 191	-1 067	12	-1 523		
Net financial income	687	988	-30	951	-28	2 499	3 097	-19	4 046		
Other income	1 180	380		248		1 725	447		159		
<b>Total operating income</b>	<b>11 690</b>	<b>10 116</b>	<b>16</b>	<b>7 904</b>	<b>48</b>	<b>29 128</b>	<b>23 907</b>	<b>22</b>	<b>31 337</b>		
Administrative expenses	-3 524	-3 507	0	-3 379	4	-10 449	-10 509	-1	-15 077		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 245	-1 273	-2	-1 205	3	-3 770	-3 712	2	-5 446		
<b>Total operating expenses</b>	<b>-4 769</b>	<b>-4 780</b>	<b>0</b>	<b>-4 584</b>	<b>4</b>	<b>-14 219</b>	<b>-14 221</b>	<b>0</b>	<b>-20 523</b>		
<b>Profit before credit losses</b>	<b>6 921</b>	<b>5 336</b>	<b>30</b>	<b>3 320</b>	<b>108</b>	<b>14 909</b>	<b>9 686</b>	<b>54</b>	<b>10 814</b>		
Net credit losses	- 84	- 155	-46	- 68	24	- 336	- 298	13	- 385		
Impairment of financial assets	- 11	- 1		-1 094	-99	- 13	-1 094	-99	-1 114		
<b>Operating profit</b>	<b>6 826</b>	<b>5 180</b>	<b>32</b>	<b>2 158</b>		<b>14 560</b>	<b>8 294</b>	<b>76</b>	<b>9 315</b>		
Appropriations	388	143	171	547	-29	858	1 226	-30	-3 175		
Income tax expense	- 832	- 382	118	- 839	-1	-2 071	-2 326	-11	-1 289		
Other taxes		2	-100			- 13			- 86		
<b>Net profit</b>	<b>6 382</b>	<b>4 943</b>	<b>29</b>	<b>1 866</b>		<b>13 334</b>	<b>7 194</b>	<b>85</b>	<b>4 765</b>		

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

SEK m	Q3			Q2		Q3		Jan - Sep			Full year
	2013	2013	%	2012	%	2013	2012	%	2012		
<b>Net profit</b>	<b>6 382</b>	<b>4 943</b>	<b>29</b>	<b>1 866</b>		<b>13 334</b>	<b>7 194</b>	<b>85</b>	<b>4 765</b>		
<i>Items that may subsequently be reclassified to the income statement:</i>											
Available-for-sale financial assets	164	- 34		108	52	616	139		693		
Cash flow hedges	- 55	- 651	-92	689	-108	-1 253	432		584		
Translation of foreign operations	- 25	12		- 26	-4	- 25	- 41	-39	- 72		
<b>Other comprehensive income (net of tax)</b>	<b>84</b>	<b>- 673</b>	<b>-112</b>	<b>771</b>	<b>-89</b>	<b>- 662</b>	<b>530</b>		<b>1 205</b>		
<b>Total comprehensive income</b>	<b>6 466</b>	<b>4 270</b>	<b>51</b>	<b>2 637</b>	<b>145</b>	<b>12 672</b>	<b>7 724</b>	<b>64</b>	<b>5 970</b>		

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

<b>Condensed</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>30 Sep</b>
<b>SEK m</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Cash and cash balances with central banks	226 497	165 994	101 726
Loans to credit institutions	193 838	200 189	247 512
Loans to the public	989 669	937 734	935 143
Financial assets at fair value	447 340	426 326	412 129
Available-for-sale financial assets	19 457	17 610	16 897
Held-to-maturity investments	84	1 636	1 602
Investments in associates	997	1 044	1 035
Shares in subsidiaries	51 369	50 671	51 203
Tangible and intangible assets	41 282	43 026	41 587
Other assets	36 364	64 823	42 365
<b>Total assets</b>	<b>2 006 897</b>	<b>1 909 053</b>	<b>1 851 199</b>
Deposits from credit institutions	254 344	199 711	250 295
Deposits and borrowing from the public	681 404	637 721	564 384
Debt securities	693 033	641 413	634 950
Financial liabilities at fair value	202 515	232 062	229 898
Other liabilities	47 381	74 097	46 666
Provisions	96	160	68
Subordinated liabilities	22 020	24 213	24 119
Untaxed reserves	26 346	26 346	25 049
Total equity	79 758	73 330	75 770
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>2 006 897</b>	<b>1 909 053</b>	<b>1 851 199</b>

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

<b>SEK m</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>30 Sep</b>
<b>SEK m</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Collateral and comparable security pledged for own liabilities	325 810	294 990	293 280
Other pledged assets and comparable collateral	117 974	119 577	118 080
Contingent liabilities	80 442	78 565	76 653
Commitments	328 692	315 157	302 667

# This is SEB

<b>Mission</b>	To help people and businesses thrive by providing quality advice and financial resources.
<b>Vision</b>	To be <i>the</i> trusted partner for customers with aspirations.
<b>Customers and markets</b>	2,800 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.
<b>Brand promise</b>	Rewarding relationships.
<b>Corporate objectives</b>	The leading Nordic bank for corporates and institutions.  The top universal bank in Sweden and the Baltic countries.
<b>Strategic value-driving priorities</b>	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.
<b>People</b>	16,000 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
<b>Values</b>	Guided by our Code of Business Conduct and our core values: professionalism, commitment, mutual respect and continuity.
<b>History</b>	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](http://www.sebgroup.com/ir)