

## FINAL TERMS

27 February 2017

### SKANDINAVISKA ENSKILDA BANKEN AB (publ)

#### Issue of EUR 1,220,000 Fund and Credit Linked Securities under the Structured Note and Certificate Programme (the Programme)

Any person making or intending to make an offer of the Securities may only do so:

- (i) in those Non-exempt Offer Jurisdictions mentioned in Paragraph 11 of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus (as defined below)) and that such offer is made during the Offer Period specified in that paragraph and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Bank nor any Dealer has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

### PART A– CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 8 July, 2016 and the supplements to it dated 19 July 2016, 26 October 2016 and 15 February 2017, which together constitute a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Bank and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from the Central Bank of Ireland's website at [www.centralbank.ie](http://www.centralbank.ie).

*No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or any Dealer.*

*By investing in the Securities each investor represents that:*

- (i) *Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Securities and as to whether the investment in the Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Bank or any Dealer as investment advice or as a recommendation to invest in the Securities, it being understood that information and explanations related to the terms and conditions of the Securities shall not be considered to be investment advice or a recommendation to invest in the Securities. No communication (written or oral) received from the Bank or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Securities.*
- (ii) *Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Securities. It is also capable of assuming, and assumes, the risks of the investment in the Securities.*
- (iii) *Status of Parties. Neither of the Bank nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Securities.*

1. **Issuer:** Skandinaviska Enskilda Banken AB (publ)
2. **Type of Securities** Notes
  - (i) Series Number: SNP551
  - (ii) Tranche Number: 1
  - (iii) Date on which the Securities will be consolidated and form a single Series: Not Applicable
  - (iv) Applicable Annexes: The following Annexes apply  
Payout Conditions  
VP System Conditions  
Fund Linked Conditions  
Credit Linked Conditions
  - (v) Trading Method: Nominal
3. **Specified Currency or Currencies:** Euro (EUR)
4. **Aggregate Nominal Amount:**
  - (i) Series: EUR 1,220,000
  - (ii) Tranche: EUR 1,220,000
5. (i) Issue Price of Tranche: 100 per cent. of the Aggregate Nominal Amount
6. (a) Specified Denominations: EUR 10,000  
(b) Calculation Amount: EUR 10,000
7. (i) Issue Date: 1 March 2017  
(ii) Interest Commencement Date: Issue Date
8. **Maturity Date:** 10 January 2022 (the **Scheduled Maturity Date**) or such later date for redemption determined pursuant to the Credit Linked Conditions
9. **Interest Basis:**
  - (i) Basis of Interest Amount Coupon Payout Amount calculations: Fund Linked Interest
  - (ii) Coupon Payout Securities: Not Applicable
  - (iii) Hybrid Interest Securities: Not Applicable
  - (iv) Coupon Payout Amount: The Coupon Payout Amount payable in respect of the Coupon Payment Date shall be calculated in accordance with the following formula:

$$CA \times P \times \text{Max} \left[ 0; \sum_{i=1}^4 w_i \left( \frac{\text{End Value}_i}{\text{Initial Value}_i} - 1 \right) \right]$$

Where:

CA is the Calculation Amount;

P, the participation, is 143 %;

Coupon Payment Date means the Maturity Date;

*Initial Value* means the NAV of Fund<sub>i</sub> on the Valuation Time on the Initial Valuation Date or if any such day is not a Fund Valuation Date for any of the Funds, the following Fund Valuation Date for the affected Fund.

*End Value<sub>i</sub>* means the arithmetic mean of the NAV of Fund<sub>i</sub> on the Valuation Time on the Final Valuation Dates.

- (iv) Coupon Component Amount: Not Applicable
10. **Redemption/Payment Basis:** Credit Linked Redemption
11. **Change of Interest Basis or Redemption/ Payment Basis:** Not Applicable
12. **Put/Call Options:** Not Applicable
13. **Status of the Securities:** Senior

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Provisions** Not Applicable
15. **Floating Rate Provisions** Not Applicable
16. **Interest Rate Linked Securities:** Not Applicable
17. **Zero Coupon Provisions** Not Applicable
18. **Dual Currency Interest Provisions** Not Applicable
19. **Index Linked Interest Securities** Not Applicable
20. **Equity Linked Interest Securities:** Not Applicable
21. **Currency Linked Interest Securities:** Not Applicable
22. **Commodity Linked Interest Securities:** Not Applicable
23. **Fund Linked Interest Securities:** Applicable

The provisions of Annex 7 of the Terms and Conditions -*Additional Terms and Conditions for Fund Linked Securities* shall apply.

- (i) Fund/Basket of Funds: Funds mean:

i	Name of Fund	Bloomberg ticker	Weight (w <sub>i</sub> )
1	DEUTSCHE MULTI OPPORTUNITIES FC	DWSMO11 LX Equity	1/4
2	INVESCO PAN EUR HI INCOM-C	INVCERC LX Equity	1/4
3	OLD MUT GB EQY ABS RE-IEURHA	OMEIEHA ID Equity	1/4
4	STANDARD LF-GLOB ABS RE-DIA	SLGLDIA LX Equity	1/4

		The Exchange for each Fund Share: Not Applicable
(ii)	Fund Interests:	Net asset value (“NAV”) of each Fund
(iii)	Formula for calculating interest rate (if applicable):	See paragraph 9 above
(iv)	Calculation Agent responsible for making calculations in respect of the Securities:	The Issuer
(v)	Scheduled Fund Valuation Date(s):	Means the Valuations Dates as specified below or if any such day is not a Fund Valuation Date for any of the Funds, the following Fund Valuation Date for the affected Fund.
(vi)	Specified Interest Payment Dates:	Scheduled Maturity Date
(vii)	Specified Period(s)/Specified Interest Period End Dates:	Specified Period means the period from and including Issue Date up to and including the last Averaging Date
(viii)	Business Day Convention:	Following Business Day Convention
(ix)	Additional Business Centre(s):	None
(x)	Minimum Rate of Interest:	Not Applicable
(xi)	Maximum Rate of Interest:	Not Applicable
(xii)	Day Count Fraction:	Not Applicable
(xiii)	Trade Date:	The Issue Date
(xiv)	Valuation Date(s):	Initial Valuation Dates means 1 March 2017 (Strike date).  Final Valuation Dates See (xvi) Averaging Dates below or if any such day is not a Fund Valuation Date for any of the Funds, the following Fund Valuation Date for the affected Fund.
(xv)	Valuation Time:	The time when the Fund Administrator publishes the NAV
(xvi)	Averaging Dates:	Averaging applies to the Securities.  The Averaging Dates are 20 June 2020, 20 September 2020, 20 December 2020, 20 March 2021, 20 June 2021, 20 September 2021 and 20 December 2021 (7 Valuation Dates), or if any such day is not a Fund Valuation Date, the next following Fund Valuation Date.  In the event that a Valuation Date is a Disrupted Day, the next following Fund Valuation Date will apply.  Disrupted Day means any Fund Valuation Day on which (i) the Fund Service Provider fails to publish the level of the Fund, (ii) the Related Exchange, if any, fails to open for trading during its regular trading session (iii) a Fund Event has occurred.
(xvii)	Observation Date(s):	Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

24.	<b>Notice periods for Condition 5.02:</b>	Minimum period:10 days Maximum period: 20 days
25.	<b>Issuer Call</b>	Not Applicable
26.	<b>Investor Put</b>	Not Applicable
27.	<b>Final Redemption Amount</b>	See paragraph 35 of these Issue Terms
28.	<b>Early Redemption Amount(s) of each Security payable on redemption for taxation reasons or on an event of default or on an illegality (or, where otherwise required for purposes of any other relevant redemption specified in the Conditions:</b>	Market Value less Associated Costs per Calculation Amount
29.	<b>Mandatory Early Redemption</b>	Not Applicable
30.	<b>Index Linked Redemption Securities:</b>	Not Applicable
31.	<b>Equity Linked Redemption Securities:</b>	Not Applicable
32.	<b>Currency Linked Redemption Securities:</b>	Not Applicable
33.	<b>Commodity Linked Redemption Securities:</b>	Not Applicable
34.	<b>Fund Linked Redemption Securities:</b>	Not Applicable
35.	<b>Credit Linked Securities:</b>	Applicable  The provisions of Annex 8 of the Terms and Conditions – <i>Additional Terms and Conditions for Credit Linked Securities</i> – shall apply.  Certain provisions in the Credit Linked Conditions mean that the Securities may be affected by a Credit Event which occurred in the period prior to the Issue Date even though the Securities were not then issued. See “Credit Event Backstop Date”.

- (i) Final Redemption Amount: An amount in the Specified Currency per Calculation Amount equal to the product of (i) the Calculation Amount, (ii) the Participation, (iii) the Credit FX Factor and (iv) one minus a fraction with (A) the greater of (x) zero and (y) RE minus AP or, if less, TS (each as specified below) as the numerator and (B) TS as the denominator.

Expressed as a formula:

$$CA \times P \times FX_c \times \left\{ 1 - \left[ \frac{\text{Max}(0; \text{Min}(TS; RE - AP))}{TS} \right] \right\}$$

Where:

- CA:** means the Calculation Amount;
- P:** means the Participation being 100%;
- FX<sub>c</sub>:** means the Credit FX Factor, being 100%;
- TS:** means the Tranche Size, being the Detachment Point minus the Attachment Point;
- RE:** means (a) the sum of the Reference Entity Weightings in respect of each Reference Entity for which a Credit Event Determination Date has occurred on or prior to the Maturity Date plus (b) the Settled Reference Entity Percentage of 0 per cent; and
- AP:** means the Attachment Point

*The Final Redemption Amount will be reduced, in each case taking into account the number of Reference Entities in respect of which a Credit Event Determination Date has occurred following (i) the sum of the Reference Entity Weightings in respect of each Reference Entity for which a Credit Event Determination Date has occurred on or prior to the Maturity Date plus (ii) the Settled Reference Entity Percentage exceeding the Attachment Point of 8 per cent.*

- (ii) Settlement Method: Auction Settlement: (for purposes of interpretation in the Credit Linked Conditions only)
- (iii) Maturity Credit Redemption: Not Applicable
- (iv) First-to-Default Credit Linked Securities: Not Applicable
- (v) Nth-to-Default Credit Linked Securities: Not Applicable
- (vi) Portfolio Credit Linked Securities: Applicable
- (vii) Attachment Point: 8 per cent.
- (viii) Detachment Point: 100 per cent.
- (ix) Trade Date: The Issue Date
- (x) Calculation Agent: The Issuer

	responsible for making calculations and determinations in respect of the Securities:	
(xi)	Reference Entity(ies):	As set out in the Markit iTraxx Crossover Index Series 26 version 1 5Y Index annex date 16 September 2016.
		Reference Entity Weightings: as set out by the Index publisher, www.markit.com
(xii)	Reference Obligation(s):	Standard Reference Obligation
		Seniority Level: Senior Level
(xiii)	All Guarantees:	Applicable
(xiv)	Credit Events:	Bankruptcy Failure to Pay Grace Period Extension: Not Applicable Obligation Default Obligation Acceleration Restructuring
		– Provisions relating to Restructuring Credit Event: Credit Linked Condition 12 Applicable
		– Provisions relating to Multiple Holder Obligation: Credit Linked Condition 13 Applicable
		– Mod R Not Applicable
		– Mod Mod R Applicable
	Default Requirement:	Credit Linked Condition 2 applies
	Payment Requirement:	Credit Linked Condition 2 applies
	Scheduled Termination Notice Date:	20 December 2021
	<i>(N.b.: This date is the scheduled termination date for credit protection)</i>	
(xv)	Notice of Publicly Available Information :	Applicable <i>If Applicable:</i> Public Source(s): Yes Specified Number: 2
(xvi)	Obligation(s):	
	Obligation Category	Borrowed Money
	Obligation Characteristics	None
	Additional Obligation(s)	Not Applicable

(xvii)	Excluded Obligation(s):	Not Applicable
(xviii)	Accrual of Interest upon Credit Event:	Not Applicable
(xix)	Merger Event:	Credit Linked Condition 11. Not Applicable
(xx)	Unwind Costs:	Not Applicable
(xxi)	Provisions relating to Monoline Insurer as Reference Entity:	Credit Linked Condition 14. Not Applicable
(xxii)	Provisions relating to LPN Reference Entities:	Credit Linked Condition 15 Not Applicable
(xxiii)	Credit Event Redemption Amount:	The Credit Event Redemption Amount as calculated by the Calculation Agent in accordance with Credit Linked Condition 2
(xxiv)	Credit Event Redemption Period:	Not Applicable
(xxv)	Valuation Date:	Not Applicable
(xxvi)	Valuation Time:	Not Applicable
(xxvii)	Quotation Method:	Not Applicable
(xxviii)	Quotation Amount:	Not Applicable
(xxix)	Minimum Quotation Amount:	Not Applicable
(xxx)	Quotation Dealers:	Not Applicable
(xxxi)	Accrued Interest:	Not Applicable
(xxxii)	Valuation Method:	Not Applicable
(xxxiii)	Business Day Convention:	Following
(xxxiv)	Deliverable Obligations:	
	Deliverable Obligation Category:	Bond or Loan
	Deliverable Obligation Characteristics	Not Subordinated Standard Specified Currencies Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer
	Sovereign No Asset Package Delivery:	Not Applicable
(xxxv)	Emerging Market Adjustment/Termination Provisions:	Not Applicable
(xxxvi)	Portfolio Linked Interest Adjustment:	Not Applicable
(xxxvii)	Subordinated European Insurance Terms:	Not Applicable



(xxxviii) Financial Reference Entity Terms:	Not Applicable
(xxxix) Reference Obligation Only Termination Amount:	Not Applicable
(xl) Provisions relating to CoCo Reference Entities:	Not Applicable
(xli) Credit FX Rate <sub>Final</sub> :	Not Applicable
(xlii) Credit FX Rate <sub>Initial</sub> :	Not Applicable
(xliii) Credit FX Factor:	Not Applicable
(xliv) Credit Base Currency:	Not Applicable
(xlv) Credit FX Initial Determination Date:	Not Applicable
(xlvi) Credit FX Final Determination Date:	Not Applicable
(xlvii) Credit FX Reference Source:	Not Applicable
(xlviii) Credit FX Fixing Time:	Not Applicable

#### **GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

36.	<b>Form of Securities:</b>	See item 37 ( <i>VP System Provisions</i> ) below
37.	<b>VP System Provisions:</b>	
	(i) VP System Securities:	Applicable The provisions of Annex 2 of the Terms and Conditions– <i>Additional Terms and Conditions for VP System Securities</i> shall apply
	(ii) VP System:	The Finnish Central Securities Depository, Euroclear Finland Oy
	(iii) VP System Agent (if any):	SEB, Helsinki Branch Box 630, Unioninkatu 30 Helsinki SF-00101 Finland  (which expression shall include any successor to it in its capacity as such)
38.	<b>Reference Item Linked Security:</b>	Yes
39.	<b>New Global Note:</b>	No
40.	<b>Additional Financial Centre(s) or other special provisions relating to Payment Days:</b>	Helsinki  For the purpose of special provision relating to Payments Days, Business Day means only a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Helsinki, Finland.
41.	<b>Talons for future Coupons or Receipts to be attached to definitive Securities (and dates on which such Talons mature):</b>	No
42.	<b>Details relating to Instalment</b>	

**Securities:**

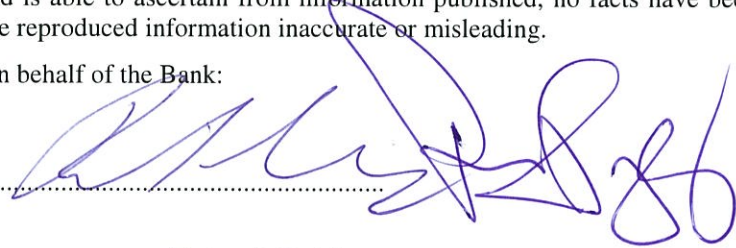
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
- 43. **Redenomination applicable:** Redenomination not applicable
- 44. **Provisions applicable to Renminbi Securities:** Not Applicable
- 45. **Direct Agency:** Not Applicable
- 46. **Governing law:** English law
- 47. **Website for notifications** Not Applicable

**THIRD PARTY INFORMATION**

The Bank confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Bank:

By: .....



Duly authorised

**Robert Celsing**  
Head of Markets

**Peder Hagberg**

## PART B – OTHER INFORMATION

<b>1. LISTING AND ADMISSION TO TRADING</b>	
(i) Admission to trading	Not Applicable
(ii) Estimate of total expenses relating to admission to trading:	Not Applicable
<b>2. RATINGS</b>	Not Applicable. Please note that as at the Issue Date it is not intended that this specific Series of Securities will be rated.
<b>3. TERMS AND CONDITIONS OF THE OFFER</b>	Applicable
Offer Price:	Issue Price
Total amount of the offer:	Aggregate Nominal Amount
Conditions to which the offer is subject:	Not Applicable
Description of the application process:	The Notes are sold by the Manager;  Alexandria Markets Oy and Alexandria Pankkiiriliike Oyj (each a “ <b>Manager</b> ”) Eteläesplanadi 22 A, 4. floor, 00130 Helsinki; Finland, (the” <b>Managers</b> ”).
Details of the minimum and/or maximum amount of application:	Minimum amount of application is EUR 100,000 and integral multiples of EUR 10,000 in excess thereof.
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable
Details of the method and time limits for paying up and delivering the Securities:	Investors will be notified by the Manager of their allocations of Securities and the settlement arrangements in respect thereof. The Securities will be issued on the Issue Date against payment to the Issuer of the net subscription moneys.
Manner in and date on which results of the offer are to be made public:	Not Applicable
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Categories of potential investors to which the Securities are offered and whether tranche (s) have been reserved for certain countries:	Offers may be made by the Manager in Finland, to any person. In other EEA countries, offers will only be made by the Manager pursuant to an exemption under the Prospectus Directive as implemented in such countries.
Process for notification to applicants of the amount allotted and an indication of whether dealing may begin before notification is made:	Investor will be notified of their allotments by the Manager.  Dealing before notification is made: Not Applicable
Amount of any expenses and taxes	Commission: Maximum 2.00 % of the

specifically charged to the subscriber or purchaser: subscribed amount  
 SEB will charge a structuring fee of approximately 1.20 % per annum in accordance to market situation on or about the start of the subscription period including but not limited to listing costs, hedging costs and any other costs arising or related to the administration of the Note.

Name(s) and address(es), to the extent known to the Bank, of the placers in the various countries where the offer takes place: The Authorised Offerors identified in paragraph 11 above and identifiable from the Base Prospectus

**4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Managers and Financial Intermediaries, so far as the Bank is aware, no person involved in the issue of the Securities has an interest material to the offer.

**5. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the Offer: See "Use of Proceeds" wording in Base Prospectus
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: Not Applicable

**6. YIELD (Fixed Rate Securities only) Not Applicable**

**7. PERFORMANCE OF REFERENCE ITEM / FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT– Reference Item Linked Securities**

*Information relating to the past performance of the Reference Entities is available on market information sources such as Bloomberg and the Reuters service.*

*Investors are exposed to credit risk of each of the Reference Entities and occurrence of a 7<sup>th</sup> Credit Event Determination Date will have an immediate effect on payments of interest and principal which may be reduced to zero if a Credit Event Determination Date occurs in respect of all 75 Reference entities.*

**8. HISTORIC INTEREST RATES (Floating Rate Securities only)**

Not Applicable

**9. OPERATIONAL INFORMATION**

- |       |   |   |
|-------|---|---|
| (i)   | Intended to be held in a manner which would allow Eurosystem eligibility: | No.<br><br>Whilst the designation is specified “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them the Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |
| (ii)  | ISIN:   | FI4000233218  |
| (iii) | Common Code:  | Not Applicable  |
| (iv)  | WKN number:   | Not Applicable  |
| (v)   | Clearing System(s) and the relevant identification number (s):            | The Finnish Central Securities Depository, Euroclear Finland Oy   |
| (vi)  | Delivery:   | Delivery against payment  |
| (vii) | Names and addresses of additional Paying Agent(s) (if any):               | SEB, Helsinki Branch<br>Box 630, Unioninkatu 30<br>Helsinki SF-00101, Finland   |

## 10. DISTRIBUTION

- |       |   |  |
|-------|---|--|
| (i)   | If syndicated, names and addresses of Managers and underwriting commitments:                        | Not Applicable   |
| (ii)  | Date of Subscription Agreement:   | Not Applicable   |
| (iii) | Stabilisation Manager (if any):   | Not Applicable   |
| (iv)  | If non-syndicated, name and address of relevant Dealer:   | Skandinaviska Enskilda Banken AB (publ)<br>Kungsträdgårdsgatan 8<br>10640 Stockholm<br>Sweden  |
| (v)   | TEFRA compliance category:  | TEFRA D  |
| (vi)  | Total commission and concession:  | Not Applicable   |
| (vii) | Non-exempt Offer:   | Not Applicable   |
|       | Non-exempt Offer Jurisdictions:   | Offers may be made by the Manager in Finland, to any person. In other EEA countries, offers will only be made by the Manager pursuant to an exemption under the Prospectus Directive as implemented in such countries. |
|       | Offer Period:   | Not Applicable   |
|       | Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the | Alexandria Markets Oy and Alexandria Pankkiiriliike Oyj (each a “ <b>Manager</b> ”) Eteläesplanadi 22 A, 4 <sup>th</sup> floor, 00130 Helsinki; Finland, (the <b>Managers</b> or the                                   |

Conditions in it:	<b>Financial Intermediaries)</b>
General Consent:	Applicable
Other Authorised Offeror Terms:	Not Applicable

**11. U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The Securities are not Specified Securities (as defined in the Base Prospectus) for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.