Annual and Sustainability Report

2021

Our customers and stakeholders

We always put our customers' needs at the core of our business. Their high expectations for both digital and personal services, and for quality advice and sustainable solutions, drive SEB's business development and offerings. Our 15,500 employees work as a team to serve our customers and create value for our shareholders and for the societies where we operate.

2,000
Large corporations

1,100
Financial institutions

400,000
Small and medium-sized companies
Of these, some 288,000 are home bank customers.

4,000,000
Private individuals
Of these, some 1.5 million are home bank customers.

15,500
Employees

267,000
Shareholders

Society

Contents

Pages 70–202 constitute SEB's formal annual report.

SEB's sustainability work is described in the sustainability report on pages 42–69 and 208–233.

We connect ideas, people and capital to drive progress

Being a leading northern European corporate bank with international reach, we support our customers in making their ideas come true. We do this through long-term relationships, innovative solutions, tailored advice and digital services – and by partnering with our customers in accelerating change towards a more sustainable world.

"We see SEB as a pioneer in green financing, where the bank has been a valuable dialogue partner and service provider at an early stage. This is something that we have had much benefit from and that has enabled us to be at the forefront of the green transition."

Kerstin Ahlfont, CFO, Vattenfall

We focus on four main areas in our 2030 Strategy...

Acceleration of efforts
Strengthening our customer offering by continuing to build on existing strengths through extra focus and resources targeted at already established areas.

Strategic change
Evaluating the need for strategic change and transforming the way we do business in already established areas.

Strategic partnerships
Collaborating and partnering with external stakeholders and rethinking how we produce and distribute our products and services.

Efficiency improvement
Increasing our focus on strategic enablers, allowing us to improve efficiency and accelerate SEB's transformation journey.

...in which we aim to be a leading catalyst in the sustainability transition

Our sustainability strategy outlines our role in the transition towards a sustainable society. As a key part, we have defined new ambitions and goals:

The Brown
Reducing our fossil fuel credit exposure in the energy portfolio by 45–60 per cent by 2030 (baseline 2019).

The Green
Increasing our sustainability activities 6–8 times by 2030 (baseline 2021).

The Future
Assessing our credit portfolio's alignment with the Paris Agreement by 2022 and setting targets for 2030.

Sustainability Advisor in the Nordics 2021
Prospera

Our purpose

SEB has always believed that the future depends on making great ideas happen. Our purpose is to positively shape the future, with responsible advice and capital. Today and for generations to come.

We have a strong ambition to accelerate the pace towards a sustainable future for people, businesses and society. We want to be a leading catalyst in the sustainability transition.

Our employees strive to provide world-class service and offer our customers financial products and services that meet their ever-changing needs – both in our home markets in northern Europe and through our international network around the world.

#1
Corporate and Institutional Bank in the Nordics 2021
Prospera

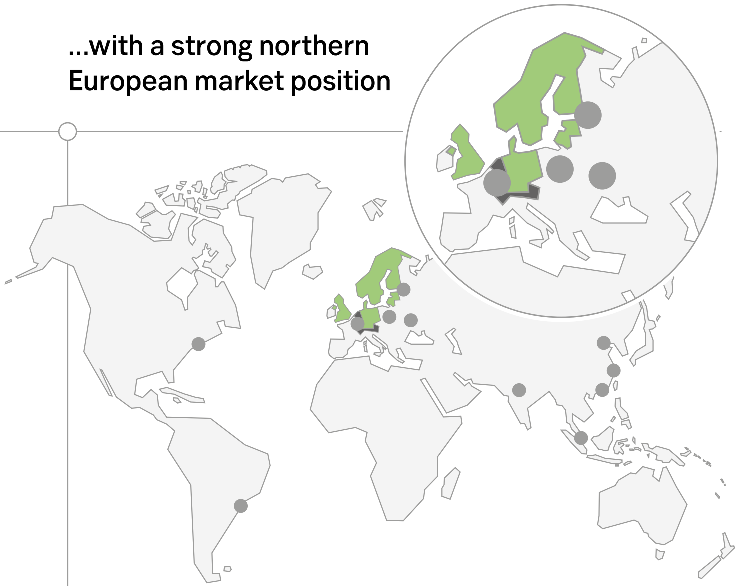
#1
Business Bank of the Year 2021 – for the third year in a row
Finansbarometern

#1
Bank of the Year 2021
Privata Affärer

We serve our customers through our divisions...

- **Large Corporates & Financial Institutions**
  Commercial and investment banking services for large corporate and institutional customers in the Nordic region, Germany and the United Kingdom as well as in our international network.
- **Corporate & Private Customers**
  Full banking and advisory services for private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries.
- **Private Wealth Management & Family Office**
  Leading private banking services with global reach for Nordic high-net-worth individuals.
- **Baltic**
  Full banking and advisory services for private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.
- **Life**
  Life insurance solutions for private as well as corporate and institutional customers mainly in the Nordic and Baltic countries.
- **Investment Management**
  Management of SEB-labelled funds and mandates for customers channelled via other divisions.

...with a strong northern European market position



- **Home markets**
  – we serve all customers with a wide range of products
  Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Germany and the United Kingdom.
- **Geographical expansion**
  – we expand our business for large corporate customers
  The Netherlands, Austria and Switzerland.
- **International network**
  – we support our home market customers around the world
  Beijing, Hong Kong, Kyiv, Luxembourg, New Delhi, New York, São Paulo, Shanghai, Singapore, St. Petersburg and Warsaw.

The year in summary

Important events and trends during the year

The economic recovery continued and financial markets were less volatile as Covid-19 vaccine rollouts progressed and central bank stimulus was maintained. This was despite continued uncertainties posed by new Covid-19 waves, inflation concerns and supply chain and energy shortages.

SEB saw high activity among large corporate customers, continued strong demand for mortgages in Sweden and strong growth of assets under management, while corporate card activity showed signs of recovery.

SEB announced a geographical expansion of the offering for large corporates in the Large Corporates & Financial Institutions division, to the Netherlands, Austria and Switzerland. The new division Private Wealth Management & Family Office was established to strengthen focus on entrepreneurs and professional family offices and grow SEB's savings and investments business.

Key targets and figures

Board's financial targets	2021	2020
Dividend payout ratio of around 50 per cent of earnings per share[1,3], per cent	51	106
Common Equity Tier 1 capital ratio of 100–300 basis points over requirement[2], basis points	590	840
Return on equity competitive with peers[3], per cent	13.9	10.3

Key figures	2021	2020
Operating income, SEK m	54,614	49,717
Operating profit[3], SEK m	30,864	20,846
Return on equity, per cent	13.9	9.7
Cost/income ratio	0.43	0.46
Earnings per share, SEK	11.75	7.28
Dividend per share[1], SEK	6.00	8.20
Leverage ratio, per cent	5.0	5.1
Liquidity Coverage Ratio (LCR), per cent	145	163
Net Stable Funding ratio (NFSR), per cent	111	-

1) Board proposal for 2021. For 2020 an ordinary dividend of SEK 4.10 per share and a further ordinary dividend of SEK 4.10 per share.
2) Regulatory requirement estimated by SEB: 13.8% (12.6).
3) Outcome excluding items affecting comparability.

+10%
Operating income

+48%
Operating profit

13.9%
Return on equity

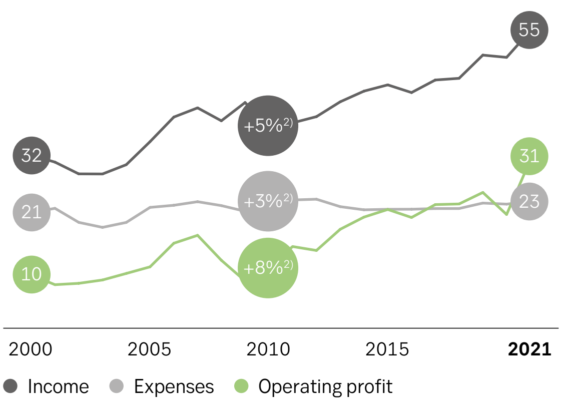
6.00
Proposed dividend per share, SEK

In the Swedish Quality Index survey (SKI), customer satisfaction among corporate and private customers increased and, for the first time, SEB earned the top ranking among the larger banks on the corporate side. Also, for the third consecutive year, SEB was awarded Business Bank of the Year in the Swedish customer survey Finansbarometern. SEB was also named Bank of the Year by Privata Affärer.

SEB's updated sustainability strategy was presented, including three new climate-related ambitions and goals – *The Brown*, *The Green*, and *The Future* – with the aim of accelerating the transition towards a sustainable society. We recently also presented our new 2030 Strategy and business plan for 2022–2024, aiming to future-proof our business.

A dividend of SEK 6.00 per share was proposed by the Board of Directors, corresponding to 51 per cent of net profit for 2021. The Swedish FSA removed its recommendation to restrict dividends and SEK 8.20 per share in total was distributed during 2021, corresponding to approximately 50 per cent of net profit for 2019 and 2020.

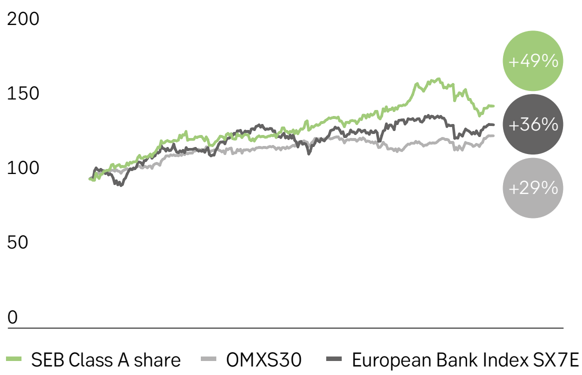
Our profit development[1)], SEK bn



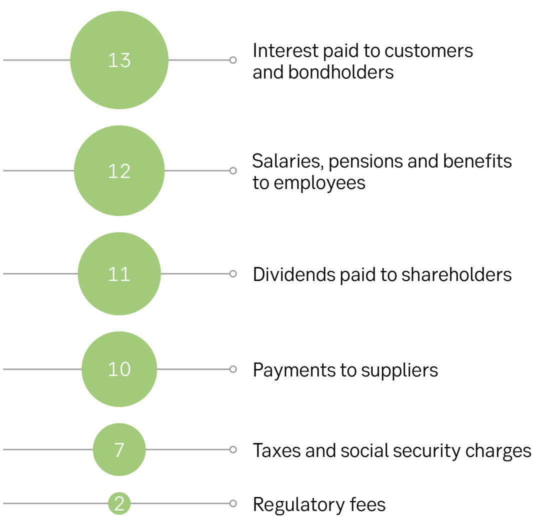
1) Excluding items affecting comparability.
2) Compound Annual Growth Rate (CAGR).

Share price development 2021
SEB Class A share

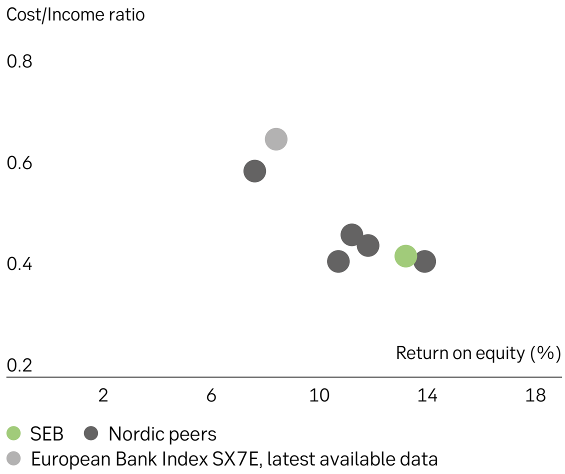
Index 1 January 2021 = 100



SEK 55bn in average value created per year 2017–2021



Efficient and profitable compared to peers 2021



Today and for generations to come

Following a year dominated by the pandemic, contracting economies and the challenges that this brought along for people, companies and societies, 2021 developed into a year of recovery.

During 2021 we experienced solid financial markets, sound household economies, a favourable business environment and high activity among companies. The recovery was made possible thanks to the remarkable ability of people and organisations to join forces to counter the effects of the pandemic. This united response clearly underlines the importance of cooperation – both within societies and between countries. Such an extraordinary mobilisation brings hope for the future. Here, I also wish to point out the dedication, efforts and hard work that have been shown by our loyal and able SEB employees. As shareholders we owe them special gratitude for their contributions during the pandemic.

We have now entered a new year that has initially been characterised by increased uncertainties, and we should all hold on to the spirit of collaboration. It is of great importance that we continue to uphold free trade and open borders. This has truly served global economies and companies as well as our customers well over the years.

Embracing change with the future in mind

At SEB, we aspire to be a long-term partner to our customers while continuously adapting to an ever-changing environment. Curiosity and receptiveness to our customers' evolving needs are essential to our value creation. As the megatrends of digitalisation and sustainability put greater demands on us, our customers and society, we are committed to act with the long term in mind.

"We aspire to be a leading partner to our customers in their sustainability transitions."

With this ambition as a foundation, we will use our financial strength and competent employees to support our customers on their transition journeys. If we do this right, new ideas, innovations, businesses and jobs will flourish, thereby transforming and benefitting our ways of living. The Board of Directors is confident that SEB can play a vital and positive role in the continued transformation of business and society, as outlined in SEB's 2030 Strategy.

Partnering for a sustainable transition

Many businesses are pioneering the ongoing and necessary change, and there is a clear interdependence between accelerated digitalisation and the sustainability transition. Technical innovations are key in the transformation to a more sustainable society, as seen in the promising activity within green technology. This is creating business opportunities and driving economic growth. Future solutions will be dependent on the innovative ideas of start-ups as well as on the know-how and financial strength of more established industries. In this evolution, we as a bank play an important role in channelling capital through sustainable financing and supporting thought-leading ideas.

In parallel, sustainability-related policies and classifications, like the EU Taxonomy, are being developed and new regulations are about to be implemented. This provides both opportunities and challenges for us and our customers. By staying closely engaged, we wish to support our customers with interpretation of the implications of these new regulations. Through proactive advice and innovative financial services, we can facilitate our customers' transitions to a low-carbon society – tackling the effects of climate change together.

Staying true to our heritage

A vital part of SEB's 2030 Strategy is our continued support for the next generation of businesses and entrepreneurs. For 166 years we have supported companies to develop, innovate and grow, and we have followed them as they have expanded around the world. By doing so, we have played an important role in building and developing our societies. Going forward, we will stay true to our heritage of entrepreneurship, striving to be there also for the next generation of entrepreneurs. By supporting these businesses as they grow, SEB is enabling companies to build for the future.

A business built on trust

Trust is our most important asset, and the Board of Directors is steadfast in its work on ensuring that SEB adheres to the highest standards of corporate governance, compliance and risk management. In addition to the increased focus on operational risks, both within the bank and among regulators, non-

financial risks continue to grow in importance. These are related to areas such as technology, sustainability and cyber security. As the financial industry becomes increasingly data-centric, data management and data ethics are of the highest priority. Easy access to accurate data is essential for meeting future regulatory requirements. The continued focus on data is therefore a central part of SEB's long-term strategy.

Banks have a central role in preventing the financial system from being exploited for financial crime, and we are committed to protecting our customers and SEB. Modern technologies are improving our ability to identify and mitigate cyber and information security risks while complying with increased regulatory requirements in a proactive manner.

Contributing to society

SEB's financial position remains strong, and in 2021 the Swedish Financial Supervisory Authority lifted its restrictive recommendation regarding banks' repatriation of capital. Thus in 2021, SEB paid ordinary dividends on two occasions and initiated a share buyback programme. The dividends paid in 2021 correspond to roughly 50 per cent of SEB's net profit for the financial years 2019 and 2020. For the 2021 financial year, the Board of Directors proposes a dividend of SEK 6.00 per share to the Annual General Meeting. Furthermore, in 2022 SEB plans to distribute SEK 5–10 billion through share buybacks, subject to market conditions.

SEB's shareholders include more than 250,000 private investors, the industrial holding company Investor, some of Sweden's largest pension funds representing millions of private individual beneficiary owners, and foundations supporting research and education. The capital we distribute is therefore an important contribution to the continuous development of society.

People are the cornerstone in creating long-term value. Our employees all contributed to the strong results in 2021, as reflected in both our financial performance and the positive customer feedback that we have received. As a bank, we have a responsibility to our customers, employees, shareholders and the societies in which we operate. Through responsible advice and capital, we aim to positively shape the future, and continue creating long-term value. Today and for generations to come.

Stockholm, February 2022

Marcus Wallenberg
Chair of the Board

Creating shareholder value through a long-term perspective

As the banking industry transforms, we are striving to continuously develop our capabilities to meet our customers' changing needs. Based on this ambition we have reviewed our strategic direction, resulting in SEB's 2030 Strategy, which aims to future-proof our business.

Supporting our customers through business cycles is our highest priority, enabled by a strong financial position that provides resilience and flexibility. During 2021, the global economic recovery following the pandemic continued. Driven by sustained high customer activity, SEB's operating profit increased significantly compared to 2020. In 2021, we concluded the last year of our 2019–2021 business plan, which was focused on advisory leadership, operational excellence and extended presence. It has developed broadly according to plan, and we are particularly pleased to see that our efforts have been appreciated by our customers, as reflected in various customer surveys.

Future-proofing our business

As we look ahead, we aim to build on our position of strength. We continuously strive to develop our capabilities and leverage trends transforming the banking industry, to meet our customers' changing needs and behaviours. Based on this ambition, we

"As we look ahead, we aim to build on our position of strength."

have reviewed our strategic direction. This has resulted in SEB's 2030 Strategy, which aims to future-proof the bank. Going forward we will continue to strengthen our efforts, with particular focus on Corporate and Investment Banking, digitalisation, savings and investments, sustainability, and regulatory compliance. By further investing in our business, we aim to accelerate income growth and increase profitability – with the overall ambition to continue creating long-term shareholder value.

Expanding our presence

SEB's presence spans more than 20 countries, and the financial contribution from our home markets has grown over the years. As our corporate customers expand their international footprint, so are we as we follow them around the world. We aim to be a leading corporate and investment bank in northern Europe with international reach, and will carefully expand our corporate banking business geographically, to the Netherlands, Austria and Switzerland. We will also broaden our Investment Banking services to small and medium-sized enterprises and entrepreneurs. In addition, we will expand the Private Wealth Management & Family Office division in our Nordic home markets to further strengthen our focus on entrepreneurs and high-net-worth individuals and their families.

Meeting our customers on their terms

Our customers' expectations for proactive and personalised advisory services in a digital format are growing. Toward this end, we will continue our digital transformation agenda, where speed, automation and simplicity remain key. This will include further development of our Retail Banking self-service offering, based on a mobile first approach. This will also free up time for our employees to focus more on activities that create value for our customers, including face-to-face meetings in moments that matter.

Supporting savings and investments

A number of trends will continue driving demand for savings and investments. As an example, Swedish households' total assets have grown by eight per cent on average per year since 2000. This demand is reflected in our retail customers' monthly average savings, which rose by nearly 30 per cent during the year compared with 2020. Meanwhile, assets under management and assets under custody grew by around 30 and 80 per cent, respectively, in 2021. To meet this growing demand, we will continue to strengthen our digital functionality and advisory capabilities while further developing our alternatives and sustainability investment offering.

Supporting the sustainability transition

We aim to be a leading catalyst in the transition towards a sustainable society. As a signatory of the UN Global Compact, the Principles for Responsible Banking and the Net-Zero Banking Alliance, we are committed to adapting our business to the Paris Agreement and the UN Sustainable Development Goals. During the year we presented our updated sustainability strategy, outlining how we aim to capture the sustainability supercycle and support our

customers in their transitions. We also set new ambitions and goals within the climate area: a Carbon Exposure Index (The Brown), a Sustainability Activity Index (The Green) and a Transition Ratio (The Future), the latter to be communicated in more detail during 2022. Going forward, we will transparently share our progress. We also established the SEB External Sustainability Advisory Board, composed of experts representing a diverse breadth of experience and professions outside the financial industry. It will provide SEB with further insights concerning sustainability and make the bank better equipped to manage future challenges and opportunities.

Trust is our licence to operate

Trust is a prerequisite for SEB to conduct business that benefits our customers and shareholders. As the regulatory pressure increases and non-financial risks continue to grow in importance, our ability to identify, monitor and mitigate these risks is critical. We will continue to strengthen our processes to efficiently manage new and emerging risks, such as those related to anti-money-laundering (AML), know-your-customer (KYC), cyber security and sustainability. Our Financial Crime Prevention unit will enable us to further improve our transaction monitoring and reporting, and strengthen our efforts to counter financial crime. This will be reliant on strong data governance and management, among other things.

With strong business acumen

People are at the core of everything we do. Based on strong business acumen and with a long-term perspective, our employees enable us to continuously develop our offering. It is therefore reassuring to see that employee engagement and trust in our managers remain high, and that SEB is widely regarded as an attractive employer among both business and technology students, according to employer branding surveys.

Creating long-term shareholder value

As a bank we provide the financial infrastructure needed to keep societies functioning. Through long-term customer relationships, built on providing responsible advice and capital, we help drive progress and innovation. As we now focus on future-proofing the bank, we aim to continue creating value for our customers, shareholders and society at large.

Stockholm, February 2022

Johan Torgeby
President & CEO

We invest to future-proof our business

As society and the banking industry transform – with rapid developments in the areas of sustainability, technology and regulations – our customers' needs and behaviours are continuously changing. For SEB, this means that we are constantly adapting our business to continue to create long-term value. We have now set out the path ahead in SEB's 2030 Strategy and the new business plan for 2022–2024.

A strategy of embracing change

Being part of the financial backbone of society, providing support, advice and capital to private individuals and businesses, we always strive to meet our customers' ever-changing needs.

Throughout history we have developed together with our customers. Our solid balance sheet has enabled us to support our customers in good times and bad. This has enabled us to build long-term customer relationships with high customer satisfaction. Through our long-term commitments – in combination with our international approach through which we have followed our corporate customers abroad as they have expanded their businesses – we have been able to gain deep knowledge about our customers. Over the years, this has formed the foundation for the business acumen that is characteristic of SEB and our employees.

Long-term focus

Being knowledgeable is a prerequisite for innovation. It also contributes to our ability to proactively address and gain an even deeper understanding of our customers' changing needs, most recently in the area of sustainability. This, in combination with our strive for high standards of governance, ethics and risk management, has helped strengthen our role in the markets in which we operate.

Our long-term commitment to our customers, together with a long-term perspective of how we create shareholder value, also means that we are constantly looking around the corner, future-proofing our business for the years to come. This has been our overarching approach ever since we welcomed our first customer in 1856 and will continue to guide us also in the future.

Adapting our strategic direction

As the banking industry changes and competition increases, our core strengths as a bank are growing in importance. Over the last 15 years, we have therefore adapted our strategic direction – refocusing, strengthening and transforming SEB's core. This has entailed efforts such as a restructuring of SEB Group functions, corporate expansion in the Nordics and Germany, transformation of the Baltic and Retail divisions, and increased efforts aimed at achieving true customer centricity. During the past three years we have focused on accelerating the transformation based on our three strategic focus areas of advisory leadership, operational excellence and extended presence.

Looking ahead, we recognise the need to continuously improve the way we do business, support our customers, and develop new financial products and services. We will therefore continue to invest for the future, to ensure that we remain relevant for our customers and that we continue to create long-term value for our shareholders.

Strategic focus over the years

SEB's ability to embrace change and adapt to new market conditions continues to grow in importance. Below is a summary of how we have adjusted our strategic focus over time to build for the future.

2005–2009

Refocus on the core
Restructuring of SEB Group functions.

2010–2015

Strengthen the core
Corporate expansion in the Nordics and Germany, as well as Retail transformation.

2016–2021

Transform and grow the core
True customer-centricity in a digitalised world.

Long-term financial targets

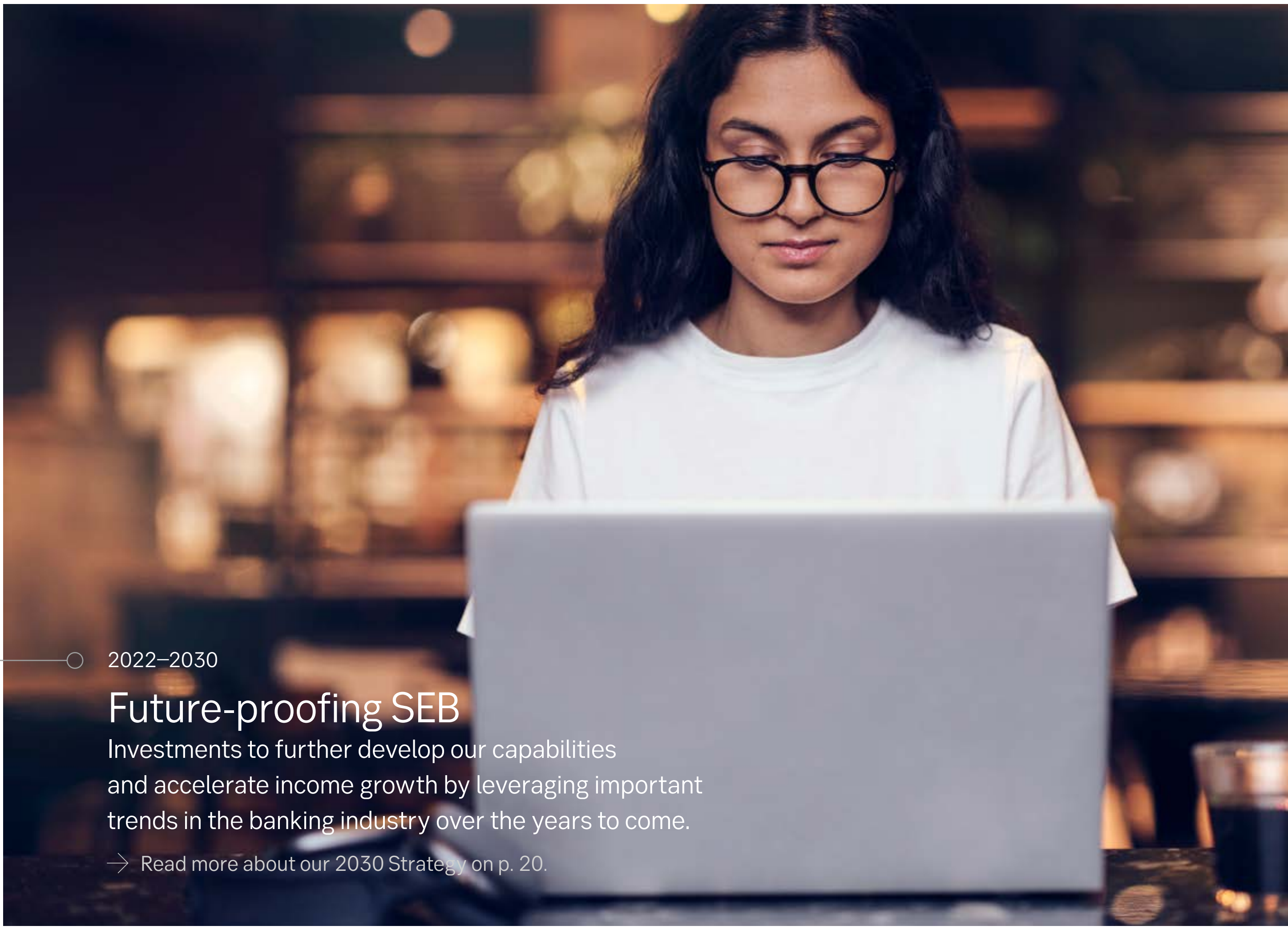
As we have adapted our strategy over time, our ambition has been to accelerate income growth and increase our profitability. This ambition will continue to guide us also going forward. Below are our long-term financial targets for the SEB Group.

- A yearly dividend of around 50 per cent of earnings per share excluding items affecting comparability – distributing potential capital in excess of the targeted capital position mainly through share repurchases.
- A Common Equity Tier 1 capital ratio of 100–300 basis points above the requirement from the Swedish Financial Supervisory Authority.
- A return on equity that is competitive with peers. In the long-term, SEB aspires to reach a sustainable return on equity of 15 per cent.

Financial aspirations for the divisions

SEB has introduced long-term divisional aspirations for profitability and cost efficiency based on two factors. First, each division has the ambition to achieve best-in-class profitability and cost efficiency compared to similar businesses among relevant peers. Second, each division's aspiration is set to enable SEB to achieve its long-term aspiration of a 15 per cent return on equity on group level. These long-term aspirations are evaluated annually.

→ Read more about our financial targets and aspirations on p. 39.



2022–2030

Future-proofing SEB

Investments to further develop our capabilities and accelerate income growth by leveraging important trends in the banking industry over the years to come.

→ Read more about our 2030 Strategy on p. 20.

Closing of business plan 2019–2021

By year-end 2021, we closed SEB's business plan for 2019–2021. We have now embarked on the next three-year business plan for the bank as part of our 2030 Strategy to further sharpen our customer offering.

Since 2019, SEB's business has focused on accelerating progress towards operational excellence and reinvigorating growth through advisory leadership and extended presence. As we now close the chapters of both 2021 and the 2019–2021 business plan, we can conclude that we have seen growing demand for advisory services from our customers over the years. Lately, this has revolved a lot around handling the effects of the pandemic, but increasingly also supporting our customers to transition to more sustainable business models or ways of contributing to a low-carbon society. Also on the technological side, we have accelerated our efforts to live up to our customers' needs and make sure we meet them on their terms. Following is a summary of the steps taken to deliver on our business plan for 2019–2021.

Advisory leadership

Overall, customer satisfaction has continuously improved since 2019. This has been achieved by providing value enhancing advisory services through in-person and digital channels as well as through refined offerings to our customers including a clear focus on sustainability. We have strengthened our advisory capacity with respect to environmental, social and governance factors (ESG), for example by creating an Energy Coverage team, supporting the ongoing transition in the energy sector. We have also sharpened our savings offering with digital advisory capabilities, including a digital advisory investment tool for both pension insurance and funds.

To strengthen our focus on high-net-worth individuals and their families, in 2021 we established the new Private Wealth Management & Family Office division. In parallel with this, the Life division's distribution and the Private Banking Core segment were integrated with division Corporate & Private Customers in Sweden, in order to improve our opportunities to leverage on and succeed with Bancassurance. SEB Investment Management has focused and deepened its sustainability product offering, where 82 per cent of the fund offering is now classified as either Article 8 or 9 according to the EU Sustainable Finance Disclosure Regulation. This means that the funds either promote sustainable characteristics or have sustainable goals as their objectives.

Operational excellence

During the last three years, further automation has increased speed and improved efficiency in our processes, for example the household mortgage process, improving customer experience and enabling cost efficiencies. Automation has been instrumental in enabling employees to focus more on proactive activities that generate value for our customers. Combined with improved data management, this has facilitated an accelerated digitalisation of products, services and processes. In addition, our newly established Operations team in the Baltics has resulted in more efficient ways of working.

Regulatory pressure has remained high, and SEB's governance and processes have continuously been strengthened. A new Financial Crime Prevention unit was established in 2021 to centralise and further strengthen our efforts to prevent money laundering and other forms of financial crime.

Extended presence

To widen our distribution and sharpen our customer offering, we have broadened our presence in external networks and have developed functionality to integrate with new platforms.

We have launched new Application Programming Interfaces (APIs) to access data, products and services, as well as to provide connectivity with other platforms. In 2021 we integrated the first external API with the Enterprise Resource Planning (ERP) provider PE Accounting within the Life division in Sweden, to further integrate with our customers' digital ecosystems. This has provided our corporate customers with an improved overview of their employees' occupational pension plans, via their ERP system. We have also entered into a strategic long-term partnership with Google Cloud to speed up our digitalisation efforts and provide new solutions to our customers.

Through SEB Singular, our investment banking offering focused on digital business models and strategies, we have established a broad network among leading venture capital firms in our home markets, the US and among Nordic start-ups.

Our strategic initiatives

The three focus areas of the business plan for 2019–2021 were complemented by twelve strategic initiatives that address new, adjacent opportunities and aim to strengthen SEB's long-term profitability. Overall, the initiatives have developed broadly in line with plan and slightly below forecasted cost. These initiatives have led to multiple deliveries and added value that will serve as a foundation for SEB's business endeavours going forward, especially in areas such as data, digitalisation, sustainability, and exploration of new products and services.

A selection of deliveries

Advisory leadership
- Functionality to enhance savings and investment offering launched.
- Private Wealth Management & Family Office division established.
- Energy Coverage team set up.

Operational excellence
- New Financial Crime Prevention unit established.
- Productivity increased through automation.
- Automated, digital registry and administration platform launched for alternative assets within custody business.

Extended presence
- Further integration with customers’ digital ecosystems (for example Enterprise Resource Planning System).
- New Application Programming Interfaces launched.
- Partnership established with Google Cloud leveraging insights from SEBx.

Financials

Average annual growth rate 2019–2021

6% Income

2% Expenses

11% Operating profit[1)]

Key figures

	2021	2020	2019	2018
Return on equity[1)], per cent	13.9	10.3	13.8	13.4
Cost/income ratio	0.43	0.46	0.46	0.48
Common Equity Tier 1 ratio, per cent	19.7	21.0	17.6	17.6

1) Excluding items affecting comparability.

Business environment and trends

We are constantly exploring trends and opportunities that affect our business, and this work also forms the basis for our 2030 Strategy and new business plan. Below, some of SEB's experts share their views on the macroeconomic development and the transformative landscape related to technology, sustainability, corporate and investment banking, savings and investments, and risk management.

The road to economic recovery continues

2021 was a year of recovery for the global economy. Following a 2020 that was characterised by the pandemic, contracting economies and rising unemployment, growth numbers in 2021 turned upward, the job markets strengthened, and demand picked up. Moreover, the conditions in the financial markets remained favourable, with low interest rates and growth in the stock and housing markets as a result. The recovery was supported by extensive Covid-19 vaccination campaigns and major efforts by governments and central banks. Altogether it is estimated that at least 26 trillion dollars have been spent in the form of fiscal and monetary policy stimulus measures since the beginning of the pandemic – an almost unfathomable amount.

The speed bumps are many

However, not all is fine and dandy. It is one thing that government debt has increased and that the central banks, which have created and lent new money to cover growing levels of national debt, find themselves with balance sheets of a size never seen before. But despite the stimulus measures, the road to full recovery has been cluttered with warning signs and speed bumps. Demand for goods is high, but supply is having a hard time keeping up. The supply chain disruptions are many. Much has been said about the shortage of semiconductors, but also commodities, wood products, glue, plastics and other input goods are hard to get hold of and/or have risen sharply in price. This has led to rising producer prices and slower production. In addition, the transport sector continues to suffer from major disruptions, with both long delivery times and prices that have doubled many times over as a result. This is being exacerbated by the Covid-19 zero-tolerance policy that China adhered to during 2021, which among other things gave rise to shutdowns of large container ports, causing lengthy disruptions to global shipping. On top of this, the world faces an energy crisis. Granted, all of these problems will eventually be resolved, but it will take time and many challenges will remain during 2022.

Another, but related, hot topic in 2021 was inflation. That we would see signs of inflation along with the restart of the global economy was not unexpected. But inflation has been both higher and more enduring than expected. This applies especially for the US, where major stimulus packages, direct payments to households, shortages of a number of products, strong demand and more expensive energy have created a perfect environment for rapid inflation growth. Central banks, including the Federal Reserve, long viewed the inflation as being so temporary that no major monetary policy changes were needed. That view has now changed and both the Federal Reserve and the Bank of England, among others, have now announced tighter monetary policies. Other central banks, such as the European and Swedish Central Banks, still want to see inflation establish at higher levels before tightening monetary conditions.

Hopes for a solid 2022

Although 2022 will probably not bring the growth rates and booming markets that we saw in 2021, there is a good chance economic recovery will continue, with GDP growth above trend, improving labour markets and growing corporate profits. But this will require continued global vaccination rollout, inflation not getting out of hand and a number of geopolitical risks that we see emerging in Eastern Europe, Middle East and Asia, not materialising into outright conflicts.

"Strong growth numbers, improving job markets and higher demand during 2021."

Jens Magnusson
Chief Economist

Meet our experts

"Advanced encryption technology enables more secure digital solutions."

Petra Ålund
Head of Group Technology

"We want to be a catalyst of the change that is now happening."

Hans Beyer
Chief Sustainability Officer

Growing importance of digital technology

We are seeing continued development of new technology that is creating both better digital solutions for our customers and new business opportunities. New cloud services are one example, making it possible to process large volumes of data and on top of this apply increasingly improved artificial intelligence. Another area in which development is moving at a fast pace is advanced encryption technology, which is enabling more secure digital solutions. The trend of being able to couple various companies' solutions together using application programming interfaces (APIs) is growing.

Collaborative development among major banks, fintechs and large tech companies is leading to new depths of knowledge about products and customers along with modern, niche solutions that offer economies of scale.

In various studies we are seeing a trend break – older customers in western Europe are now open to using digital financial solutions as much as the younger generations, which will further accelerate the pace of digitalisation. We are seeing greater awareness of the importance of how one's own personal data is handled, which is being driven in part by growing cyber threats and the societal debate on how personal information is handled. Another aspect that is becoming increasingly important is the overall digital experience, which is expected to be increasingly personalised.

Sustainability is an opportunity

Societal development and climate change have considerable bearing on how SEB is meeting its stakeholders' expectations and on the trust that has been instilled in us. We are being forced to a higher degree than ever before to challenge old truths and support new, exciting technological advancements and business models to achieve the goal of serving as a catalyst of the change that is now happening. In addition, we need to describe our decisions not only in terms of economic logic, but also in societal effects. In the light of these challenges it is important to integrate sustainability – starting with the climate issue – in all decision-making processes. As a large bank we have a responsibility to leverage our resources in support of our customers' efforts and seize the opportunities presented by the industrial revolution that a future, sustainable society entails.

Climate change is very high up on our customers' as well as our own agendas. The phase-out of fossil fuels and greater investment in green technologies that can help solve the climate crisis must become a reality. As a financial institution we play a key role – both in reallocating capital flows and by being an engaged business partner that drives the transition and change. Sustainable development – and especially the fight against climate change – entails risks, but it also offers major opportunities for us and for our customers. It is rewarding to be part of the mobilisation that the entire economic system is undertaking with respect to climate and sustainability.

→ Follow our experts at sebgroup.com/experts

Meet our experts

"For our corporate customers, the value of having a range of funding sources has been evident and increasingly important."

Kristian Skovmand
Head of Investment Banking

Opportunity in capital markets

Capital market activity reached new heights in 2021 with a record number of initial public offerings as well as other equity and debt capital market transactions. While capital markets have an element of cyclicality correlated to overall business cycles, at SEB we also see certain underlying trends. As such we are of the conviction that capital markets will continue to play a greater role for our corporate clients. The equity culture in our home markets has been very supportive towards allowing companies to use their stock market listings more actively to finance growth, which we believe is a continuing trend. Similarly, the corporate bond market is now supplying an increasing part of corporate financing alongside bank lending.

For our corporate clients, the value of having a range of funding sources has been evident and increasingly important since the financial crisis of 2008. Further, this has played an important part in how our clients have managed to get through some of the challenges associated with the pandemic. Finally, the proliferation of sustainability-linked financing continues to aid and maintain focus on important ESG issues. We look forward to continuing to serve our clients with their financing and advisory needs in the coming years.

"Younger generations have ever-higher expectations for sustainable investment opportunities."

Américo Fernández
Household Economist

All megatrends point to savings and investments

Megatrends such as an ageing population, digitalisation and sustainability, coupled with the pandemic, have both highlighted and accelerated the need of savings and investment among Swedish households. Today's low-interest environment has driven up home prices to new, record levels and has prompted households to turn to the stock market in search of returns for their invested money. At the same time, sustainability and digitalisation have ascended as top priorities in households' financial decisions. The younger generations have ever-higher expectations for sustainable investment opportunities and that financial decisions can be made quickly, conveniently and digitally.

Last but not least, given that the population is ageing while the number of years in employment has not increased correspondingly, pensions have come under pressure. Together, these trends are leading to a situation where households – to a greater extent than before – need to save toward their future pensions and home purchases, and find new, sustainable investment alternatives. This is also increasing the bank's responsibility to help individuals navigate in an increasingly complex financial daily life.

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“Activity among regulatory and supervisory authorities is expected to remain high.”

Mats Holmström
Chief Risk Officer

Growing focus on non-financial risks

Banks operate in a market environment in which regulatory policies are constantly evolving. Activity among regulatory and supervisory authorities is expected to remain high, with an increased focus on documentation and enforcement of formal adherence to existing rules and regulations. Long-term trends affecting the banking industry, such as digitalisation, automation and non-bank financial intermediation, have further accelerated regulators’ focus on measures to ensure operational resilience and on how banks address non-financial risks.

Risk management in banks follows both market developments and regulation, and has consequently also shifted towards a stronger focus on non-financial risks. This heightened focus was confirmed in the 2020 global risk management survey conducted by the Institute of International Finance and EY, where seven out of ten top priorities for Chief Risk Officers listed in the report relate to non-financial risks.

The growing focus on operational resilience and risks to financial stability from climate change will put sustainability matters even higher on the regulatory agenda in the near to medium-term. Potential disruptive implications for nations, corporations and individuals are leading to rising expectations – both regulatory and commercial – on banks to align strategies, define risk tolerances and transparently demonstrate how banks will contribute to an accelerated transition.

What do these trends mean for SEB?

To remain relevant for our customers and shareholders, we must adapt to current and future trends in our industry. By further investing in our business, we are striving to continuously develop our capabilities to leverage these trends and meet our customers’ evolving needs and behaviours.

Based on this ambition, we have set a 2030 Strategy for SEB in which we address all parts of our business, from the front to the back and everything in between. We aim to enhance the customer experience by meeting our customers on their terms and by continuously innovating new products and services. More specifically, we aim to build on our strengths in Corporate and Investment Banking through geographical and product expansion; enhance our Custody and Markets offering; grow our savings and investments business; expand our Private Wealth Management & Family Office division, and; continue to transform retail banking in Sweden and the Baltics.

We will also future-proof our technology core by creating a scalable, automated and cloud-based platform that contributes to operational efficiency, robustness and security, as well as income growth. Lastly, our strategy also addresses measures to keep our house in order. For example, this relates to sustainability, data, transaction monitoring and reporting, regulatory compliance and anti-money laundering and cyber risk management. These topics are essential for SEB’s strong risk management and corporate culture – not only as a hygiene factor but also by offering a competitive advantage.

As outlined in our 2030 Strategy, we will build our focus, rethink and investments in the following four main areas going forward:

- Acceleration of efforts
- Strategic change
- Strategic partnerships
- Efficiency improvement

→ Read more about SEB’s 2030 Strategy on p. 20.

2030 Strategy to build for the future

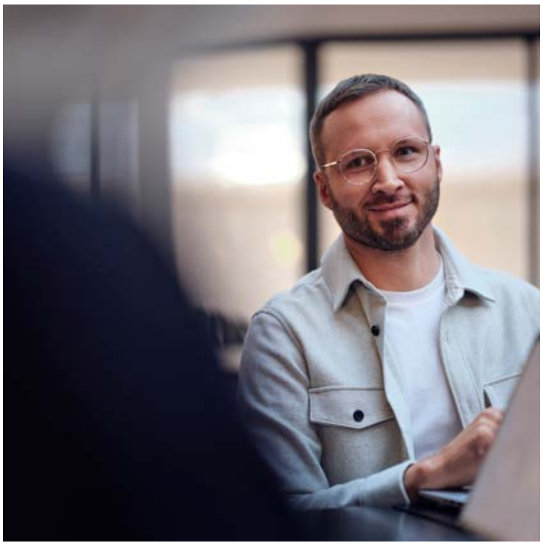
Our overall ambition is to be a leading corporate and investment bank in northern Europe with international reach, providing our products and services to retail customers in Sweden and the Baltics in a digital format, with a human touch in moments that matter. Coming from a position of strength, we will accomplish this by accelerating our investments. This will enable us to continue to create long-term value for our shareholders.

Acceleration of efforts

Based on our strong financial position, high customer satisfaction, improved competitive position, and Nordic and sustainability expertise, we will accelerate our efforts and strengthen our advisory capabilities. Through extra focus and resources, we will continue to build on existing strengths, aiming to:

- Expand Corporate and Investment Banking.
- Leverage Custody and Markets platforms to become a Nordic market leader.
- Grow Savings and Investments in the Nordics and the Baltics.
- Capture opportunities within the sustainability supercycle.

Strategic change



We constantly adjust our business and offering to stay relevant for our customers and create long-term value for our stakeholders. We will evaluate the need for strategic change in how we conduct business within already established areas, aiming to:

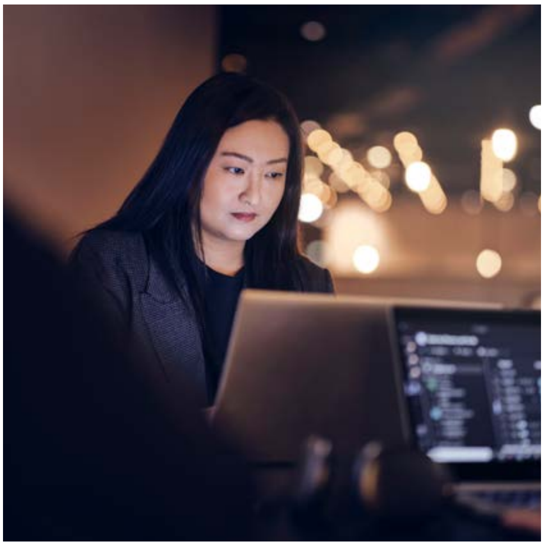
- Transform Retail Banking to go more digital, with a mobile first approach, in Sweden and the Baltics.
- Establish Private Wealth Management & Family Office division in all our home markets.
- Scale and implement SEBx capabilities.

Strategic partnerships

Competition increases due to an accelerated pace in innovation, investments and consolidation in the market. To ensure that SEB's broad range of core products and services remain competitive we see partnerships and collaboration with relevant stakeholders as key enablers. Therefore, we are aiming to:

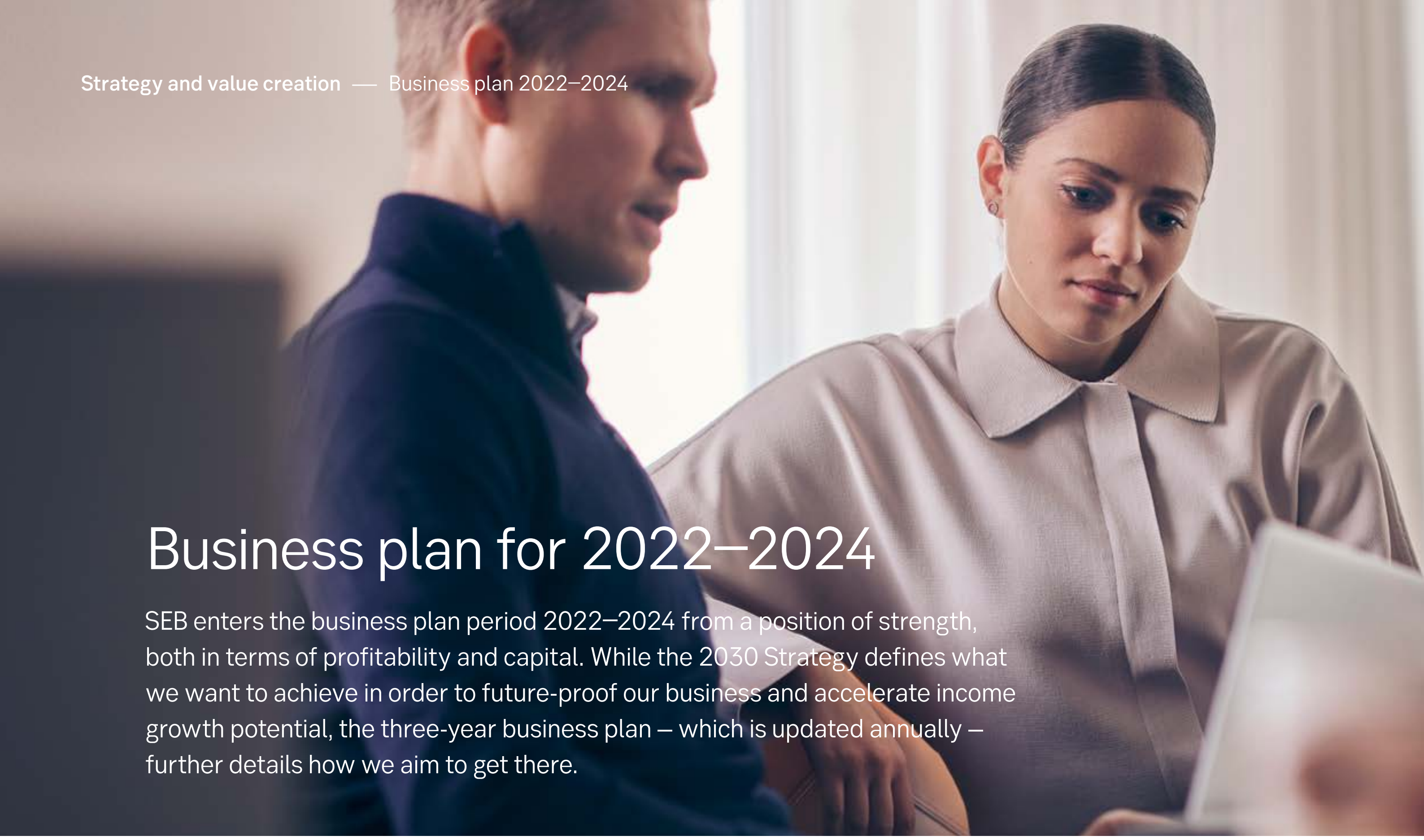
- Rethink ways of producing and distributing products and services.
- Strengthen innovation and business momentum through external partnerships.

Efficiency improvement



To improve efficiency and accelerate SEB's transformation journey, we will increase our focus on a number of strategic enablers, aiming to:

- Change approach from automation to focus on end-to-end processes.
- Develop into a fully data-driven organisation.
- Accelerate technology development.
- Enhance regulatory efficiency.



Business plan for 2022–2024

SEB enters the business plan period 2022–2024 from a position of strength, both in terms of profitability and capital. While the 2030 Strategy defines what we want to achieve in order to future-proof our business and accelerate income growth potential, the three-year business plan – which is updated annually – further details how we aim to get there.

SEB's business plan for 2022–2024 builds on the four pillars of our 2030 Strategy, which in turn is our response to structural market trends within our industry. This means that developments related to for example technology, sustainability, corporate and investment banking, savings and investments, and risk management are the basis for our efforts going forward. By combining high customer satisfaction and strong employee engagement with a solid financial position including capital, liquidity, and cost control, we aim to continue to deliver long-term value to our shareholders.

Acceleration of efforts

Based on our successful expansion into other Nordic countries, Germany and the United Kingdom, we will continue to expand our corporate banking business geographically to the Netherlands, Austria and Switzerland. By doing this, we will leverage one of our core strengths of serving our customers locally. In addition, to further build on our strong offering towards small- and medium sized enterprises and entrepreneurs in Sweden, our Investment Banking services will be expanded to this target segment, through for example dedicated resources following our Corporate Finance Growth initiative. To establish SEB's role as the premier Nordic custody provider, and leverage the opportunity presented as peers withdraw from this area, our custody platform will be scaled through automation and further development of our offering.

We will broaden our savings offering, with particular focus on sustainability and alternative products based on our customers' increasing demand. In combination with the continued development of a fully digital platform enabling further proactivity, this will enable us to grow our savings and investments business in the Nordics and the Baltics.

Our ambition is to be a leading catalyst in the sustainability transition and we aim to capture opportunities arising from the sustainability supercycle by providing high-quality advisory services to support our customers' transition journeys. To facilitate this, the work to classify our credit portfolio's transition in relation to the EU Taxonomy and the Paris Agreement will continue, and we will transparently report on our progress towards reaching our ambitions and goals, as outlined in our sustainability strategy. In addition, we strive to further integrate sustainability into processes and decisions, also facilitating innovation of new financial products and services, accentuated by the integration, analysis, and visualisation of sustainability data.

Strategic change

Accelerated digitalisation will enable us to deliver an enhanced customer offering with increased efficiency and speed, contributing to further accessibility and improved customer satisfaction. In Sweden and the Baltics, the development of our digital functionality within our Retail Banking offering will continue, allowing us to meet our customers' needs more efficiently through an improved self-service offering based on a mobile first approach. To further strengthen our focus on entrepreneurs, individuals and families and their businesses, we will expand our Private Wealth Management & Family Office division to all our home markets. This will include providing proactive high-quality products and advice incorporating sustainability, also in a digital format, and through a broadened offering leveraging expertise from across the bank, including Investment Banking.

Furthermore, we will focus on scaling and implementing the capabilities of SEB's innovation studio SEBx through continued development of UNQUO, the recently launched customer offering targeting the growing group of self-employed business owners, so-called solopreneurs, as well as through further exploration of the opportunities presented by Banking-as-a-Service. In addition, continued collaboration will enable the SEB Group to leverage SEBx's technology platform, allowing further scalability and an improved customer experience.

Strategic partnerships

To strengthen our innovation and business momentum, and to increase focus on our core strengths, we will rethink our ways of working and consider new ways of producing and distributing our products and services. Continuing to leverage Open Banking, allowing us to integrate partners' products and services into our interfaces as well as to distribute our products and services via partners, will enable us to integrate with customers' digital ecosystems and further improve our offering. Additionally, to accelerate progress in selected key areas we will collaborate with external stakeholders in cross-industry initiatives related to for example financial crime prevention, and continue to leverage our venture capital capabilities focusing on fintech startups and green technology.

Efficiency improvement

We want to ensure quality and speed in our customer deliveries and enhance customer value through easily accessible digital services. Therefore, our efforts will be focused on simplifying major end-to-end processes from a customer perspective. This involves the digital customer and product onboarding processes, as well as strengthening our capabilities within key regulatory areas such as AML and KYC. This will be reliant on our focus on strong data governance, management and quality, which will also enable an improved offering through the continued development of data-driven business models leveraging artificial intelligence and machine learning. Furthermore, we will accelerate technology development by for example leveraging our cloud capabilities, while also continuing to enhance our regulatory efficiency. Also, re-design and re-organisation of selected key areas will enable us to ensure more coherent governance structures and enhanced operational efficiency.

Cost target for 2022

Our aim is to create shareholder value – by accelerating income growth, driving earnings per share growth, increasing our profitability and future-proofing our business. This will be achieved by capitalising on our position of strength and by further investing in our business, as outlined in our business plan for 2022–2024.

The target entails growing our business in a capital-efficient manner to reach our long-term financial targets. In the short-term, we have a cost target for 2022 of SEK 24.5bn, assuming 2021 FX-rates.

→ Read more on p. 73.

Long-term value creation

Customer centricity, long-term perspective and financial strength form the foundation for meeting the expectations of customers, employees and the communities in which we operate. Ultimately, this creates value for our shareholders.

Meeting stakeholders' expectations...

Customers – 1.8 million

Our customers' needs are at the core of our business. Their high expectations on personal and digital service, quality advice and sustainable solutions drive our business development and offerings.

Employees – 15,500

Our employees build and deepen customer relationships. Their commitment, skills and continuous learning are key in future-proofing our business.

Shareholders – 267,000

The capital provided by SEB's shareholders is a prerequisite for conducting our business. Our shareholders expect a competitive and sustainable return on their investments. Many of the major owners have a long-term perspective on their engagement in the bank.

Society

Banks play a crucial role in society and are vital for creating economic growth and social value – and for the transition to a low-carbon society. We take great responsibility for how we act, to enable society to develop in a sustainable way.

...through SEB's strengths in our business model...

Our financial and technological strength...

SEB strives for high standards for corporate governance and regulatory compliance, a sound risk culture and strong business acumen. This sets the foundation for our financial strength, which gives us the resilience and flexibility required to serve our customers in both good times and bad. We future-proof our systems by implementing new technologies in order to secure and protect SEB's and our customers' information, and to continue our customer-driven innovation.

...enables us to create long-term customer value

We provide people and businesses with financial advice, products and services. We are available for our customers at their convenience – via the mobile app, on the web, by phone and in our branch offices across the globe. We believe in a combination of digital services and in-person meetings, and our employees provide proactive and personalised advice to meet the unique needs of our customers. By supporting our customers, through long-term relationships, we also uphold a critical function in society and contribute to the stability of the financial systems.

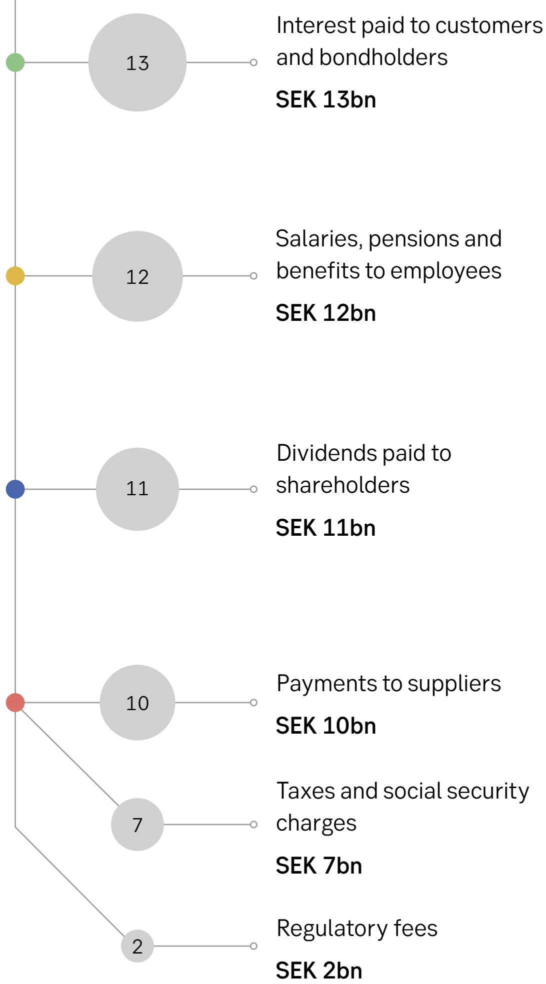
Trust is our licence to operate

As a bank, SEB has a critical role in society by providing the infrastructure for payments and transactions, and by acting as an intermediary for financing and savings solutions, risk management and financial advice. In that mission, it is crucial that we continuously earn the trust from our customers, shareholders, employees and from society. To uphold that trust we as a bank are constantly vigilant of the changing regulations and market conditions as well as new customer behaviours. In everything that we do, we act with a strong business acumen and in line with external expectations and our high internal ethical standards.

→ Read more about our Code of Conduct on sebgroup.com

...creates sustainable value.

SEK 55bn in average value created per year 2017–2021



For our customers

By providing proactive advice and a wide range of digital and personal services, we support our customers' long-term aspirations and add value in all phases of people's lives and in all stages of development of companies and institutions.

→ See p. 29.

For our employees

Our employees value the opportunities for continuous learning within the bank. Employees also participate in SEB's many partnerships to help communities develop and prosper.

→ See p. 34.

For our shareholders

Dividends and growth in market value over time contribute to our shareholders' financial security and enable new investments. By integrating environmental, social and governance aspects into our business operations, we increase our competitiveness and reduce long-term risks.

→ See p. 38.

For society

SEB intermediates financial solutions, provides payment services and manages risks, which together promote economic growth and prosperity. We pay taxes and fees according to local rules, and we take responsibility as a provider of financing and as an asset manager and work proactively with environmental, social and governance issues.

→ See p. 40.

Overall targets and outcome

The progress of the strategy and three-year business plan (2019–2021) is monitored and measured at many levels. These selected key metrics provide a progress overview.

Customers

Customer experience and satisfaction

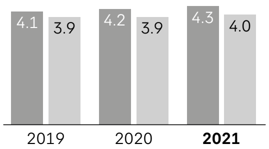
Both internal and external metrics are used to measure customer satisfaction. Prospera's external overall performance measurement and the internal measurement of customers' willingness to recommend SEB are key metrics.

Target

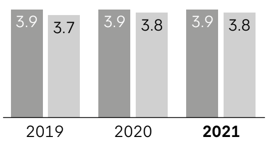
Leading position in selected customer segments and meeting or exceeding the internal customer satisfaction targets.

Overall performance

Nordic large corporations[1)]



Nordic financial institutions[1)]

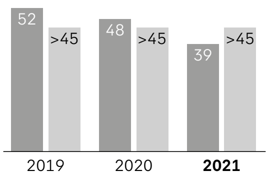


● SEB ● Industry average

1) According to Prospera's ranking.

Customers' willingness to recommend SEB

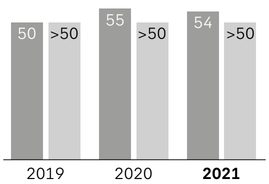
Small companies in Sweden[2)]



● Outcome ● Target

Comment
The number of personal meetings with small companies in Sweden was limited due to the pandemic. Going forward, we will focus on improving accessibility and quality.

Private individuals in Sweden[2)]



● Outcome ● Target

2) According to SEB's Net Promoter Score method.
Outcome represents a 12-month average for advisory services.

Employees

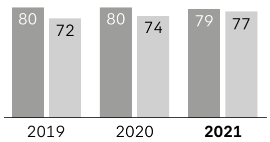
Motivation and engagement

SEB conducts an annual employee survey to measure employee engagement and the employees' views of SEB as a place to work. Some 13,800 employees, or around 90 per cent of the work force, completed the survey in 2021.

Target

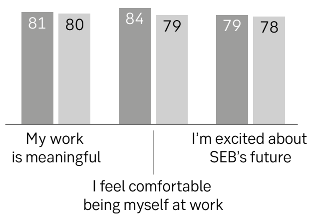
SEB's target is to be the most attractive employer in the financial sector, particularly within banking. Progress is measured through an annual employee survey.

Employee engagement, index



● SEB ● Financial sector average

Key aspects of employee engagement, index



● SEB ● Financial sector average

Shareholders

Financial targets

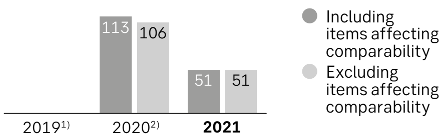
Through the resilience and flexibility that come from a strong capital base, good access to funding, high credit ratings and cost efficiency, SEB can create shareholder value in varying market conditions. With the purpose to increase capital management flexibility, in 2021 the Board of Directors decided to change the long-term financial targets.

Dividend payout ratio

Target

A yearly dividend that is around 50 per cent of the earnings per share excluding items affecting comparability, while distributing potential capital in excess of the targeted capital position mainly through share repurchases.

Per cent



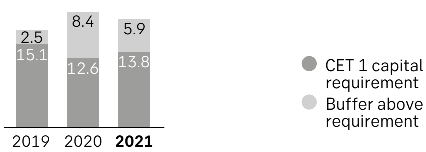
1) Per AGM decision, no dividend was paid out due to restrictions from the Swedish FSA.
2) Ordinary dividend of SEK 4.10 per share and a further ordinary dividend of SEK 4.10 per share.

Common Equity Tier 1 capital ratio

Target

SEB shall maintain a Common Equity Tier 1 capital ratio of 100–300 basis points above the requirement from the Swedish Financial Supervisory Authority (FSA).

Per cent

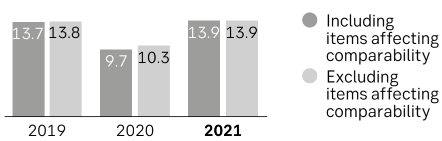


Return on equity (ROE)

Target

SEB shall generate a return on equity that is competitive with peers. In the long term, SEB aspires to reach a sustainable return on equity of 15 per cent.

Per cent



Society

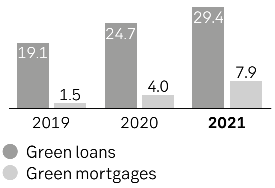
Sustainability

SEB's strategy is to expand its customer offering of sustainability products and services while lowering its direct CO_2 emissions.

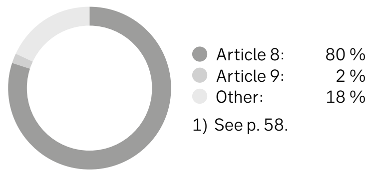
Target

The target is to increase sustainability-related business volumes.

Sustainable financing
SEK bn



Sustainable investments
Share of SEB's fund company's assets (SEK 831bn) managed in line with the EU Sustainable Finance Disclosure Regulation[1)].

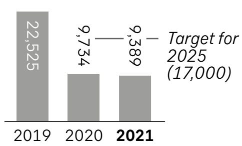


1) See p. 58.

Target

As a bank, SEB has relatively low direct environmental impact. However, the ambition is to lower the bank's own CO_2 emissions.

CO_2 emissions
Tonnes



Comment

SEB's total carbon emissions decreased, mainly due to reduced business travel in the wake of the pandemic and was significantly below the bank's target. SEB achieved its goal to become climate neutral in 2021, through climate compensation.

→ See p. 55 and 229.

Reputation

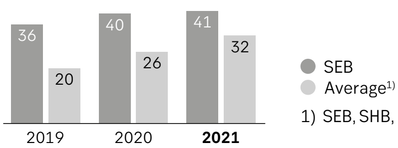
SEB monitors the result of Kantar Sifo's Corporate Reputation Index, which measures the bank's reputation among the general public. In 2021, SEB was ranked as no. 2 in Sweden.

Corporate reputation index

Target

Reduce the gap to the no. 1 in the industry and in the long-term have the strongest reputation among industry peers.

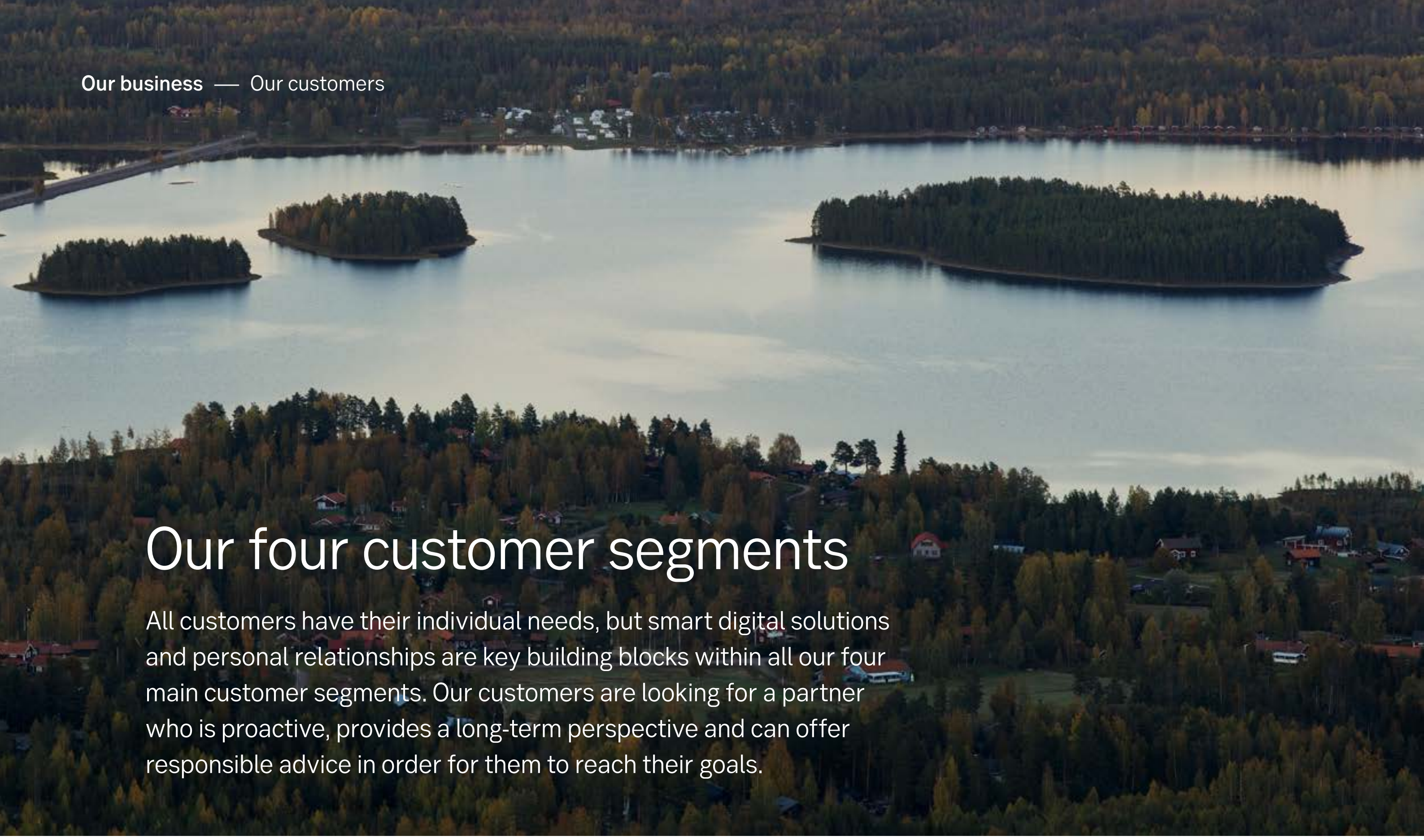
Sweden



1) SEB, SHB, Swedbank, Nordea, Danske Bank.

We support our customers on their terms

The trust that our customers and shareholders place in us is the foundation for our business. Ever since we welcomed our first customer in 1856, we have been guided by engagement and curiosity about the future. By providing financial products and tailored advisory services to meet our customers' changing needs, we build on our long-term relationships and do our part to contribute to a more sustainable society.



Our four customer segments

All customers have their individual needs, but smart digital solutions and personal relationships are key building blocks within all our four main customer segments. Our customers are looking for a partner who is proactive, provides a long-term perspective and can offer responsible advice in order for them to reach their goals.

Large corporates

We have enduring and uniquely strong relationships with our large corporate customers in Sweden and other Nordic countries. We support them in their business and their international expansion and stay with them as a partner through good times and bad. SEB serves some 2,000 large corporations across a broad spectrum of industries. Many of them are global market leaders and most have extensive international operations. In the Nordic region, our customers are among the largest in their respective industries while in Germany and the United Kingdom, medium to large-sized companies with an international profile are in focus.

Financial institutions

We have a strong position among financial institutions in the Nordic markets and also serve customers internationally with capital market access, custody services and advice on capital, sustainability and asset management matters. SEB serves approximately 1,100 financial institutions and acts as an intermediary between Nordic and global financial markets. We offer our services to pension funds, asset managers, hedge funds, insurance companies, state-owned investment funds as well as other banks and SSAs (sovereigns, supranationals and agencies).

Development in 2021

Customer satisfaction remained high. The Covid-19 related uncertainty prevalent among customers subsided gradually during the year. Customers were highly active within capital markets, with elevated levels within mergers & acquisitions which in many cases led to a need for new financing, especially towards the end of the year. Activity levels in equity capital markets were high throughout the year. The high stock market valuations, driven by lower interest rates were favourable and customers demanded advisory and execution services in equities. With lower volatility in interest rates customers' need for risk management products, within foreign exchange and fixed income, decreased. Demand for traditional lending was stable and primarily driven by refinancing activities in combination with clients' focus on the transitional agenda increasing demand for sustainability-linked loans and bonds. In addition, leveraged finance activity led to increased fund financing.

All in all, operating income for the Large Corporates & Financial Institutions division increased by 3 per cent compared to 2020. With lower net expected credit losses, operating profit increased by 64 per cent.

Small and medium-sized companies

SEB has an established position as the bank for entrepreneurs and small business owners and currently serves some 400,000 small and medium-sized companies. Of these, some 184,000 were home bank customers in Sweden and 104,000 in the Baltic countries. The segment includes around 620 mid-corps – many with international operations – as well as customers in the real estate and public sectors in Sweden, such as government agencies, state-owned companies and municipalities.

Private individuals

SEB is one of the major banks in Sweden, Estonia, Latvia and Lithuania. We have a strong position and the bank is one of the market leaders in the Nordic countries in private banking.

SEB provides a comprehensive range of products and services to private customers through our three distribution channels (digital, remote, and physical) as well as private-banking services with global reach to Nordic high-net-worth individuals. We have approximately four million private customers in Sweden and the Baltic countries. Of these, around 500,000 are home bank customers in Sweden and approximately one million in the Baltic countries. We have around 33,000 Private Banking customers.

→ See p. 80 for more information on our divisions and comments on the result.

Development in 2021

Customer behaviour in both Sweden and the Baltic countries continued to be affected by Covid-19, but compared with the previous year sentiment was more positive.

Among private customers in Sweden, cards and payments activity that decreased during the pandemic, gradually reversed. The number of digital transactions and remote services continued to increase while the number of in-person meetings declined. Strong stock markets and improved functionality in SEB's bank app resulted in increased interest regarding investments in both funds and equities. Demand for mortgage loans continued to grow. On the corporate side, Swedish small and medium-sized companies' demand for loans and deposits increased. Corporate customers were less active using cards and payments services than before the Covid-19 outbreak.

Operating income for the Corporate & Private Customers division was unchanged compared to 2020. With lower net expected credit losses the operating profit increased by 4 per cent.

In the Baltic countries overall, the gradual withdrawal of restrictions and the recovery from the Covid-19 crisis gradually increased customer activity within for instance cards and payments. The number of digital transactions and remote services reached higher levels than before the pandemic. The volatile stock market resulted in high brokerage activity. Private customers showed increasing optimism and loan demand increased. However, deposits increased more. Corporate customers remained cautious regarding making new investment decisions and loan demand was subdued especially in the beginning of the year but deposits increased.

Operating income for the Baltic division was unchanged compared to 2020. With credit loss recoveries, operating profit increased by 25 per cent.

Meet our customers

Our customers contribute to the development of society. We assist them in realising their plans as well as in solving day-to-day challenges. Customer satisfaction is one of the most important factors in our business.

Chemi-Pharm

The Estonian company Chemi-Pharm develops, manufactures and sells disinfectants, cleaning and personal care products as well as detergents to more than 25 countries globally. Chemi-Pharm was chosen as Enterprise of the Year at the award event Best Estonian Companies 2021.

"We moved into our new production facilities in 2019 and believed that we were well equipped to manage growth over the next five to ten years. But the pandemic meant that we had to scale up production dramatically. We are therefore expanding with a new facility," says Kristo Timberg.

Chemi-Pharm has been an SEB customer for many years and uses a broad spectrum of services such as overdraft facilities, leasing, and cash management. "We regard SEB as our home bank for international business. All our international transactions are made through the bank."

Kristo Timberg appreciates the bank's proactive involvement. "SEB's account manager is not just a contact we turn to with questions, but someone who constantly helps us to work out how to tackle future problems and initiatives. We truly appreciate our active, close relationship with the bank. We had a loan from SEB for the construction of our existing factory. This was a big step for us, and we received excellent help from SEB to get everything in place and working."

"We appreciate our active, close relationship with the bank."

Kristo Timberg, acting manager, Chemi-Pharm

"Our relationship is simple and serious. I get fast answers with no fuss."

Virginie Berg, private customer and entrepreneur

Virginie Berg

Virginie Berg is from Marseille, but has lived in Sweden since 1994. After working some time as a consultant, in 1998 she started the company Sufraco-Savon de Marseille. The core business since the start has been the import of liquid soaps, but the product range has since been broadened, and today the company sells a wide array of beauty products aimed at "adding a gilt edge to life". The company strongly emphasises that its products are made responsibly with respect to the environment, people and ingredients.

Virginie Berg has been a private customer at SEB since 1994 and has had the same contact person at the bank the entire time, Tina Nordstrand, who today is branch manager in Gothenburg.

"I came in contact with Tina and have followed her wherever she has moved. We understood each other from the start. It's very straightforward with no fuss – she comes up with solutions for what I need," says Virginie Berg.

What's most important in a banking relationship according to Virginie Berg is simplicity and availability, and of course the personal relationship.

"Yes, absolutely! Confidence is important. My relationship with my contact person is simple, straightforward and serious, and I always get fast answers," she says.

Vattenfall

Vattenfall is one of Europe's largest energy companies, with 20,000 employees and main markets in Sweden, Germany, the Netherlands, Denmark and the UK. The company plays a key role in the energy transition and has the goal "to enable fossil-free living within one generation".

"We will drive and be a leading actor in the transition to a fossil-free society. That is our sustainability strategy, but also our business strategy – of course with full focus on being a profitable company," says Kerstin Ahlfont.

SEB has long been one of Vattenfall's core banks. "We work with SEB in various parts of our business, both in our Treasury operations and in Markets, which is our interface to the energy markets, power exchanges and energy trading. SEB supports us with liquidity management, foreign exchange transactions and a number of other financial services."

SEB is also an appreciated partner to Vattenfall in the green transition. "We see SEB as a pioneer in green financing, where the bank has been a valuable dialogue partner and service provider at an early stage. This is something that we have had much benefit from and which has enabled us to be at the forefront. But also in our daily activities we appreciate that SEB has knowledgeable staff and good products that suit a company like ours. When we are looking for a product, SEB often has it – tried and tested – so we do not need to be the first to try it out", says Kerstin Ahlfont.

"SEB is a very good partner for us in our green transition."

Kerstin Ahlfont, CFO, Vattenfall

"We feel highly valued and appreciate your humble and helpful proactiveness."

Andreas Kalusche, CEO, Prime Capital

Prime Capital

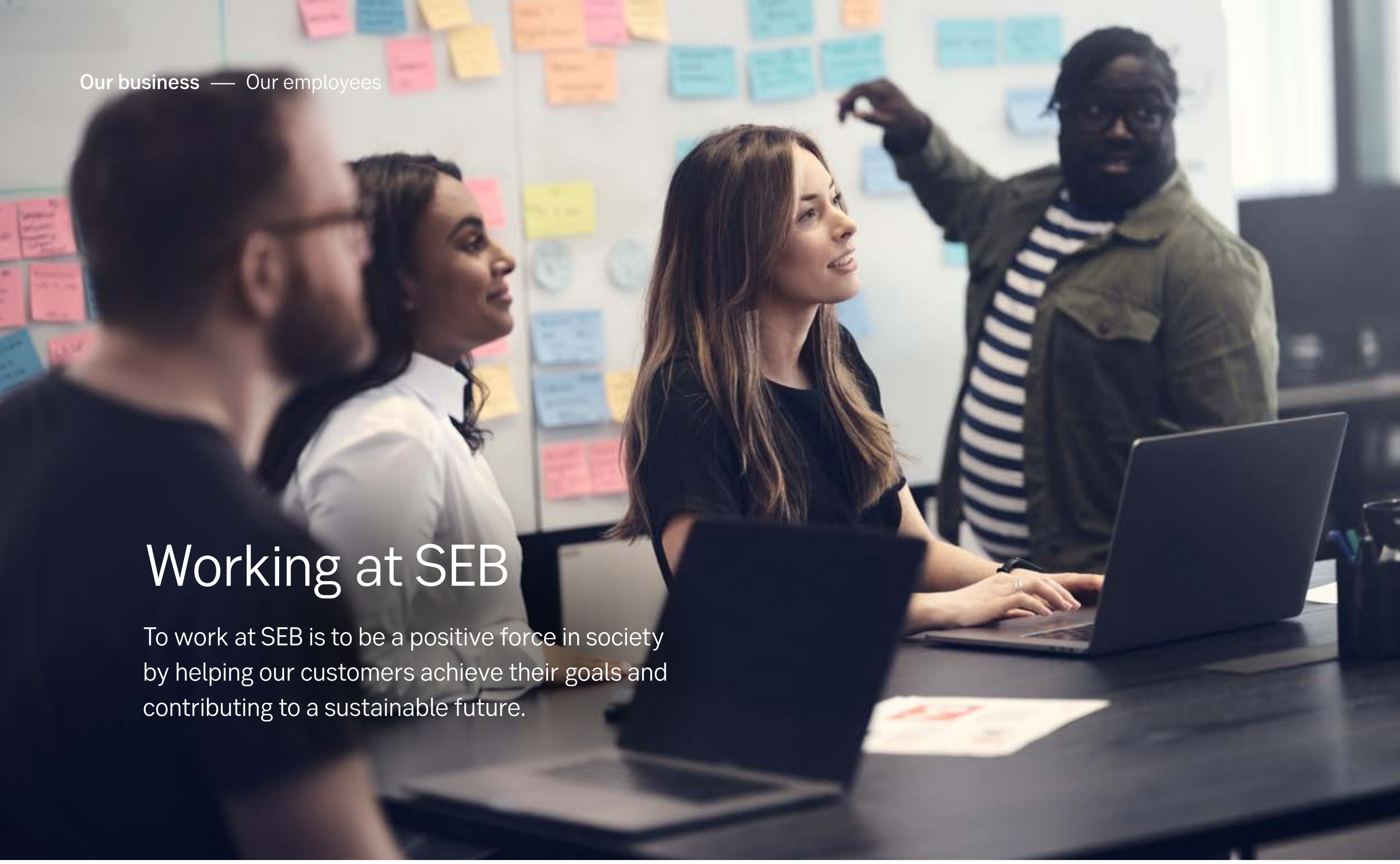
Prime Capital is an asset manager focusing on alternative investments in infrastructure, real estate, transport and hedge funds. The company has its head office in Frankfurt and targets institutional investors such as insurance companies, private and public pension funds, and large family offices in Europe, with a focus on German-speaking countries.

"We regard Scandinavia as an interesting investment market especially for renewable energy, energy transition and real estate. Here, SEB has stood out as a very visible player and we have received support with financing and other matters. We have got to know one another well and the relationship has broadened more and more," says Andreas Kalusche.

Prime Capital's relationship manager is based in Frankfurt and Andreas Kalusche attaches great value to SEB's local organisation in Germany.

"Our relationship manager has been very proactive in quickly identifying our needs and bringing together different parts of our organisation with the bank's experts regardless of whether they are in London or Stockholm."

"We feel highly valued as a customer and appreciate the bank's humble but 'how can we help you?' kind of proactiveness. This is a good starting point for collaboration, and we are holding a number of conversations about how we can broaden this still further."



Working at SEB

To work at SEB is to be a positive force in society by helping our customers achieve their goals and contributing to a sustainable future.

SEB's annual employee survey shows that the bank's employees continue to be highly engaged with strong key performance indicators (KPI) compared with the benchmark of the financial sector. The survey also shows that our employees share a strong belief in SEB's future and confidence in SEB's management, and that they feel they have opportunities to develop and contribute to change. The results form a strong foundation for the bank's continued work with its long-term strategy.

While the year was affected by the Covid-19 pandemic, it also featured major steps forward with respect to diversity and inclusion, new ways of working, leadership, learning and development, and recruiting and engaging talent.

Diversity for innovation and growth

At SEB we are convinced that diversity is crucial for innovation, better decision-making and risk management. In this year's employee survey, more questions connected to inclusion and diversity were added. The survey shows strong scores with respect to the employees' perceived ability to be themselves at work and to equal opportunities. All forms of discrimination and harassment are unacceptable, and during the year we launched a new mandatory training to strengthen our ability to counter and act on cases of harassment.

Examples of activities we worked with during the year include increasing the accessibility of our collaboration tools to make them more user friendly for employees with impaired vision and hearing. The diversity perspective has been strengthened also through the bank's recruitment process, which strives from the start to be impartial regarding applicants' identities, thereby promoting diversity in recruiting. In 2021, SEB launched a new programme, Diversify Finance, to support university students who are under-represented in the industry to apply for jobs with SEB. SEB also joined Diversity Charter Sweden, a non-profit organisation dedicated to promoting diversity in the workplace. The bank also participated in European Diversity Month with activities and campaigns to raise awareness and highlight its position on the issue.

→ Read more about our inclusion and diversity policy on p. 52 and 214.

We are changing our way of working

Since 2018 SEB has been implementing the agile work methodology to increase the bank's ability to act quickly and flexibly. On account of the Covid-19 pandemic, a large share of employees have worked from home, and in connection with this we have made great strides in implementing digital tools and new ways of working. During the year, SEB communicated a new global policy for working from home, entailing that employees are being offered the

~15,500
Number of employees

8.6
Employee turnover, %

48
Share of women in managerial roles, %

Our core values

SEB's core values serve as the foundation for ways of working and culture. In combination with the vision – to deliver world-class service to our customers – they serve to motivate and inspire employees, managers and the organisation as a whole. These values are described in our Code of Conduct, which provides guidance on ethical matters for all employees.

Customers first
We naturally put our customers' needs first, always seeking to understand how to deliver real customer value.

Commitment
We are personally dedicated to the success of our customers and are accountable for our actions.

Collaboration
We achieve more because we work together. We share, challenge and learn from our experiences as a team.

Simplicity
We strive to simplify what is complex. We respect our customers' time by being accessible, straightforward and transparent.

→ Read the Code of Conduct on sebgroup.com

opportunity to work from home for up to two days a week. The aim of this hybrid model is to enable the flexibility afforded by working from home combined with the advantages of working from the office while also reducing travel to and from work and thereby making a positive contribution to the environment. The bank continues to regularly follow up, re-evaluate and develop its ways of working to maintain its reputation as an attractive employer while also closely managing operating risk.

Inclusive leadership

A changing world and new ways of working also require inclusive leadership. During the Covid-19 pandemic, managers have quickly adapted their leadership and found new ways to effectively lead virtually with digital tools, which can also be seen in the results of the annual employee survey. In 2021, SEB continued to work with its leadership philosophy and support leaders to drive change, promote innovation and contribute to an inclusive culture that attaches a premium to a diversity of perspectives. The framework for SEB's leadership philosophy is based on scientific research and has been developed in collaboration with SEB's strategic partners, such as IMD Business School. At year-end, about 75 percent of the managers had been introduced to SEB's leadership philosophy.

Recruiting, developing and engaging employees

Our employees are our absolute most important asset, and we work actively to be an attractive employer. In 2021 SEB was ranked as the most attractive employer in the banking sector in Sweden by IT students and senior business professionals. Among business students, young business professionals, and young and senior IT experts, SEB was ranked number two in the industry. In the overall ranking, SEB climbed significantly in most categories. In the Baltic countries, too, SEB is showing strong results, ranking as the third most attractive employer in Latvia and Lithuania across all sectors. SEB's trainee programme was ranked as the third best among economics students. In 2021, we continued to develop our global talent strategy and work more data-driven to recruit critical competencies and encourage our employees to develop. We continued to develop our career portal, our global recruitment system, and our process for creating a more dynamic job market. During the year, continuous learning remained high on the agenda. The SEB Campus digital platform serves as a catalyst in this work, and twice a year new terms are started with a catalogue of courses that tailor to the competencies that the bank views as critical for the future. Trainings conducted during the year included virtual courses in advanced advisory services with a sustainability focus.

Well-being and safe work environment

SEB offers services and benefits along with a wellness subsidy to employees in its efforts to promote a healthy and balanced lifestyle. During the Covid-19 pandemic, SEB has expanded its efforts to improve employees' health and well-being also when working from home, such as by facilitating the opportunity to purchase office furniture for home offices via a lifestyle benefit and offering virtual exercise sessions and meditation.

→ Read more in the sustainability report on p. 52 and 216.

Meet our employees

Our 15,500 employees have different frames of experience, backgrounds, skills and perspectives. Through them we create enduring customer value and help drive progress in society.

From Lithuania to New York

Justas Jonikas started his career at SEB in Lithuania and was subsequently put in charge of coordinating finance and trade activities and building up the business strategy for operations in the Baltics. When he entered the role as Head of Transaction Services for SEB in New York, it initially felt surreal.

"It was a big decision to make together with my family, since it would entail a big change in life for all of us," he says. "But I've never regretted it."

Justas Jonikas and his team work with providing various financial services, such as factoring, trade financing, cash management and leasing for corporate customers in the US and Canada.

"SEB has a solid customer base in the US, and most customers are currently in the process of expanding their operations," he says. Despite the time difference and periodically hectic schedule, Justas Jonikas explains that he is motivated by the opportunity to work with professional and talented colleagues in various parts of the bank. And he is especially proud to work for a bank that always strives to assist its customers.

"Even though profitability and shareholder return are two of our top priorities, these are complemented by the bank's strong values, which we genuinely live by. The sustainability aspect is also very important for me personally, so I am happy that SEB has an ambitious sustainability agenda."

"I am happy that SEB has an ambitious sustainability agenda."

Justas Jonikas
Head of Transaction Services in New York

"Incredibly competent people."

Nabil Gharib
Head Depositary Services

Many opportunities to develop

Nabil Gharib came to Sweden from Syria as a three-year old and spent his college years in the US. Today he is Head of Depositary Services and responsible for the safekeeping of assets owned by mutual funds in accordance with applicable rules and regulations. Following his studies, Nabil Gharib worked as a bartender, during which time he applied for jobs in the financial sector.

"My time as a bartender gave me a wealth of important and basic experience in the service industry that I still carry with me today: to always have the customer in focus and make sure you provide good service with a smile," he says.

During his 20 years at SEB, Nabil Gharib has held a range of managerial roles in a number of the bank's business areas, including two years in Luxembourg.

"One of the things that makes my job so exciting is that I have the benefit of working with such incredibly competent people and learning new things every day. I am a social person, and my time working abroad gave me an opportunity to broaden my network," he says.

Nabil Gharib says that one of the benefits of working in a large organisation like SEB is that there are so many opportunities. "You are responsible for driving your own development. Sure, support is available, but it is up to you to find out what paths are open and then to take the next step."

Influencing society in the right direction

Caroline Forsberg manages Swedish equity funds in Investment Management. She explains that the sustainability aspect of fund management has grown gradually since 2015 and has accelerated in recent years.

"It's incredibly exciting to be part of the sustainability transition and to help companies and society move in the right direction through their managed assets. It makes my job stimulating and meaningful," says Caroline Forsberg.

In a ranking of the best sustainability funds conducted by the news agency Bloomberg, two funds managed by Caroline Forsberg showed returns of 30 per cent, which is more than twice the industry average and better than all of the sustainability funds that Bloomberg monitors in Europe, the US and Japan. Caroline Forsberg explains that while funds are not always performing at such a level, her strategy is based on fundamental company research that also includes evaluation of sustainability risks across the entire supply chain. Understanding a company's ecosystem requires continuous dialogue with its management.

"Getting to know the management is the only way to gain a genuine understanding of a company's ambition, commitment and its potential to live up to its sustainability ambition," she says.

"It is truly a privilege to continue being challenged and to develop after 23 years at the same workplace."

"My job is stimulating and meaningful."

Caroline Forsberg
Fund Manager, Investment Management

"There's a warm and supportive culture at SEB."

Lena Ericsson
Client Executive, Private Wealth Management & Family Office

More than forty years at SEB

Lena Ericsson has been with SEB for more than four decades, and her experience in advising private customers dates back to 1985. During the last 15 years she has worked with wealth management for families, now in the new Private Wealth Management & Family Office division.

"A person's private economy is highly personal and therefore requires a long-term and close customer relationship based on trust," says Lena Ericsson. "It's very rewarding and valuable to be able to help our customers manage their wealth over several generations – from grandparents down to grandchildren – and guide them through their economic journeys."

Personal customer relationships is one of the factors that has kept her at SEB during her professional life, combined with amazing colleagues and good leadership.

"I have always had good managers who have given me recognition and supported me along the way, which has helped me develop in my career," says Lena Ericsson.

She explains that through her work at the bank she has gained an understanding of the interconnection between society, economics and politics, and keeps abreast of various trends, which she appreciates.

"There's a warm and supportive culture at SEB, and our employees are very generous when it comes to sharing their knowledge."

Shareholder value in SEB

SEB has a unique customer base and market position, committed owners with a long-term perspective, a solid financial buffer and the strength to grow and create shareholder value.

SEB is a leading northern European financial services group, founded in 1856. Our overall ambition is to become a leading corporate and investment bank in northern Europe with international reach, providing our products and services to retail customers in Sweden and the Baltics in a digital format with a human touch in moments that matter. Our home markets are the Nordic and Baltic countries, Germany and the United Kingdom.

Engaged shareholders with a long-term focus

Many of SEB's larger institutional investors have had an ownership stake in SEB for more than a decade. SEB's largest shareholder is Investor AB, where SEB is a core investment. Investor, northern Europe's largest industrial holding company, was founded by the Wallenberg family in 1916. Investor is currently represented on the bank's board with two seats, including the Chair.

The engaged and long-term focused shareholder base of SEB enables us to look beyond business cycles, taking a long-term, structural perspective. This perspective gives us the opportunity to contribute to the economy and the development of society through the dividend that we pay to our shareholders. They include more than 250,000 private savers, some of Sweden's largest pension funds and indirectly also foundations that support research and education.

→ For information on our shareholders, see p. 93.

Diversified business, profitable growth and financial strength

Our earnings base and risk profile are diversified in terms of customer base, full-service product offering and geographical exposure. SEB has demonstrated strong profitable growth over time and continuously strives to improve its operating leverage through deepened customer relationships and continuous efficiency improvements. Our strong balance sheet creates flexibility for the future, enabling us to grow together with our customers.

New strategy

SEB recently launched its 2030 Strategy and related three-year business plan. Operating in an industry in constant transformation, we will build our focus upon four main areas: acceleration of efforts, strategic change, strategic partnerships and efficiency improvement.

Coming from a position of strength, we will accelerate our investments to future-proof the bank and ensure our competitiveness for the years to come.

A key part of SEB's future relates to sustainability. In 2021, we presented our updated sustainability strategy and three new climate-related ambitions and goals. These are: The Brown – Reducing our fossil fuel credit exposure in the energy portfolio by 45–60 per cent by 2030; The Green – Increasing our sustainability activities 6–8 times by 2030, and; The Future – Assessing our credit portfolio's alignment with the Paris Agreement by 2022 and setting targets for 2030.

→ See p. 20 for the 2030 Strategy and the business plan.

Shareholder value

The shareholder value created can be measured as total shareholder return (TSR), where both market value change and dividends paid in a time period are taken into consideration. In 2021, the TSR for SEB's class A share was 59 per cent.

The Swedish FSA lifted its recommendation to restrict dividends in 2021 and SEB distributed SEK 4.10 per share twice, in total SEK 8.20 per share. In addition, during the year a share buyback programme was launched. SEB's share price appreciated to SEK 125.85 from SEK 84.50.

→ See p. 76 for dividend and share buyback information.

Financial targets

The Board of Directors of SEB has set financial targets in order to create lasting, long-term shareholder value. These targets are focused on the financial performance of SEB and capital repatriation to shareholders, while at the same time securing a solid financial buffer for the bank.

The outcome of the financial targets for 2021:

- Dividend: The SEB Board of Directors proposed a dividend corresponding to a payout ratio of around 51 per cent.
- Common Equity Tier 1 (CET 1) capital ratio: a capital buffer of 590 basis points above the Common Equity Tier 1 requirement.
- Return on equity (RoE): 13.9 per cent, whereas the average return on equity for Nordic peers was 10.9 per cent and for European peers 8.4 per cent.

→ SEB's long-term targets are described on p. 73.

Total shareholder return

59%	67%	372%
2021	2017–2021	2012–2021

Meet one of our shareholders

"SEB exemplifies quality and continuity, and delivers on its set aspirations."

Dick Bergqvist
Portfolio Manager Swedish Equities, AMF

AMF is a Swedish pension company owned by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise, and manages approximately SEK 790bn for some 4 million customers. AMF owns approximately 4 per cent of the shares in SEB, making it the fourth-largest shareholder.

"We think SEB's valuation is attractive based on the bank's goals and relative to the stock market", says Dick Bergqvist. "If you look back on the period from 2010 to 2020, the bank has had favourable profit growth of around 7 per cent per year before credit losses. It pays a good dividend yield, and we have a very positive view of the share repurchase programme that the bank has announced."

He appreciates that SEB breaks down its long-term aspirations for profitability and cost-efficiency at the divisional level in a transparent way.

"This makes us confident and gives us an understanding of how the bank aims to achieve its long-term return target of 15 per cent", According to Dick Bergqvist, SEB has built up its credibility in the market over a long period of time. "SEB has been best in class at delivering on its communicated cost targets. This instills credibility going forward if the bank were to need to ramp up its investment level and allow a slightly higher cost level in order to generate higher revenue further ahead. I think the bank exemplifies quality and continuity, and that it delivers on its set aspirations. This is the cornerstone of our investment case."

Sustainability is another key factor for AMF.

"We want SEB to continue reducing is credit exposure to fossil activities while at the same time supporting its customers in their climate transition", asserts Dick Bergqvist. "The sustainability strategy and the clear and concrete goals that the bank has communicated are something we truly appreciate and support."

SEB in society

SEB is an integrated part of society. We have a long tradition of positively contributing to society, by encouraging sustainable entrepreneurship, supporting young people, and promoting financial equality.

Banks' role in society

Banks play a key role in order for society to work. The services and infrastructure we provide are essential for creating economic growth and social value. SEB makes it possible for households, entrepreneurs and businesses to finance, invest, and manage payments and savings. We identify and manage risks as well as opportunities, and in doing so we promote economic development, growth, new jobs and international trade, and contribute to financial security and stability.

Sustainable entrepreneurship

To meet tomorrow's challenges, as a society we must hold confidence in the future in the pursuit of innovation and transformative power. SEB drives a number of initiatives to promote sustainable entrepreneurship and enable effective supply of capital for new ideas and initiatives.

During the year our newly established SEB Greentech unit carried out its first investments. The aim of this initiative is to give newly started greentech companies early access to funding to develop green technologies. In 2021, SEB Greentech made investments in companies that are developing sustainable chemical production, technology for wave energy and methods of producing environment-friendly biocoal, as well as planning tools that help cities reduce their carbon footprint. To date the unit has invested SEK 70m of its initial investment capital of SEK 300m.

SEB's Innovation Forum is another platform for giving start-ups access to venture capital. In partnership with educational institutions in the greater Stockholm area, SEB selects promising companies to make pitches at special forums for potential investors among the bank's corporate and private banking customers. Since the Innovation Forum was established in 2014, about 100 companies have had the opportunity to make pitches, and the invited investors have accounted for 40 to 60 per cent of their raised capital. On top of this they have gained access to contacts and a valuable network.

During 2021, SEB established The Next Awards in recognition of sustainable entrepreneurship. The award, which is conceived to be annual, is presented to innovators and pioneers who help make the world a better place. Nine finalists participated when the award was presented for the first time in a live webcast from the Stockholm Concert Hall. Read more about one of them, Stella Futura, on p. 41.

Support for young people

SEB lends support to young people and has been a partner of the Mentor organisation since 1997, which works to build self-esteem among youths in Sweden as well as their confidence in the future. Through its participation in various mentoring programmes, every year the bank's employees reach thousands of young people throughout the country. In 2021, SEB also supported the Sports Heart sports camp, enabling economically disadvantaged children in Sweden to attend free of charge.

In the Baltic countries, too, we are strongly committed to children and young people, which is manifested through partnerships, volunteering and sponsoring. During the year SEB started a two-year coding school in Estonia to address the shortage of software developers, which is a critical issue for the development of companies in the country. The hope is that many of the 215 prospective developers will eventually work for SEB, which will in turn benefit the bank's corporate customers and contribute to development in the entire region.

Financial inclusion

During 2021, for the second year in a row, SEB conducted a wide-ranging campaign on financial equality with focus on encouraging women to own, save and start businesses. This theme was the focal point of a number of activities related to savings, home mortgages, entrepreneurship and generational shifts. In parallel, an internal course on financial equality was introduced for all SEB employees, followed by a more in-depth training for advisers focused on unconscious biases that affect whether men and women receive the same advice. Factual data for the initiative has been produced in collaboration with the think tank Ownershift, which advocates for more equal ownership among women and men.

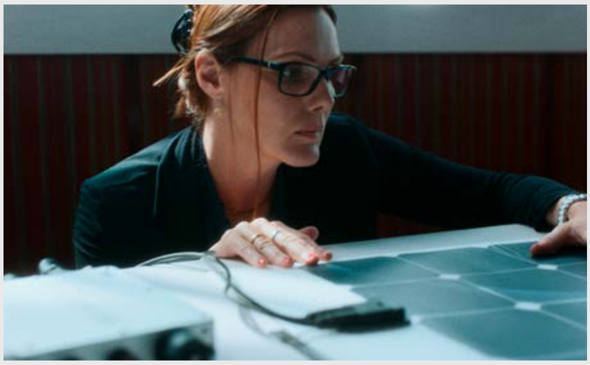
During the year, SEB also launched Diversify Finance, a new diversity programme that aims to encourage and support students who are under-represented in the industry to apply for jobs at SEB. 15 students in Sweden, with various backgrounds and experiences, were welcomed to get to know SEB through internships, where they learned about career opportunities within investment banking and capital markets.

Support for new thinking and innovation

To tackle the growing problem of digital fraud, all parts of society must come together. With that theme, during the autumn 2021 SEB hosted the SEB Open Innovation Challenge on digital fraud prevention. The aim is to promote previously unfathomed solutions, innovative ideas and creative suggestions for how this problem can be solved.

The challenge was open to the general public and attracted some 20 proposals. Five of these were chosen as finalists, who were invited to present their ideas at the end of the year to a jury of experts from SEB, universities and business. The winner, Rohon Kundu, received the award of EUR 10,000 for his idea.

Meet one of The Next Awards' finalists



"We combine state-of-the-art technology with innovative business models."

Ulrika Tornerefelt
CEO and partner, Stella Futura

Stella Futura was one of the finalists when The Next Awards, SEB's newly established sustainability tribute, were presented in 2021. The company works with expanding access to renewable energy in a commercially sustainable way.

"Our journey started in Africa for the simple reason that there is where the major needs and major opportunities exist. Plus, I had a network in western Africa from my previous work", explains Ulrika Tornerefelt.

In pace with the company building up its operations in Africa and amassing expertise in energy tenders and smart financial solutions, combined with technological solutions, the Swedish market began transforming.

"Suddenly we faced a scenario where our offering in Africa could just as well be applied back home in Sweden", she says.

Among Stella Futura's latest projects can be noted the first energy system that includes solar panels and battery storage for a dairy farm in Sweden, and a commercial flexibility project for a waste collection system in Stockholm's Hammarby Sjöstad district. Both projects have resulted in substantial savings for the customers.

"It's not enough to just understand technology; it's not enough to just understand business development, you must combine them in a very smart way to make your product interesting for buyers. We combine state-of-the-art technology with innovative business models", Ulrika Tornerefelt says.

Sustainability report

CONTENTS

We accelerate change

At SEB, we are convinced that we can be a positive force for change in the sustainability transition. Innovation and responsible behaviour go hand-in-hand, which is also how we aim to conduct and develop our business. By partnering with our customers and supporting them on their transition journeys we believe we can make the greatest positive impact. We aim to accelerate the pace towards a sustainable future for people, businesses and society.

Sustainability at SEB

SEB wants to be a leading catalyst in the sustainability transition. We have a strong ambition to accelerate the pace towards a sustainable future for people, businesses and society and believe we can make the greatest positive impact through global cooperation and by partnering with our customers on their transition journeys.

As a bank, SEB has the power, opportunity and responsibility to positively impact the world it operates in. We have a strong ambition to accelerate the change that is needed to combat climate change and limit global warming. We recognise our role in the important work of closing the EUR 3,000bn investment gap that is estimated by the EU to meet near-term needs.

We believe that global cooperation and partnerships between the private and the public sectors are prerequisites to succeed. By committing to the Paris Agreement through the signing of the UNEP FI Principles for Responsible Banking, the Net-Zero Banking Alliance and the Net Zero Asset Managers initiative, we strive to reorient capital flows in line with the bank's updated vision and business strategy. See p. 46 and p. 57.

Integrating sustainability into the business

Our banking services contribute to the transition towards a sustainable society. We serve private, corporate and institutional customers in our home markets and international network. Integration of environmental, social and governance (ESG) factors is fundamental and encompasses climate and environment, human rights, social relations and anti-corruption. We strive to integrate these factors into everything we do – into products, advice and business processes. In line with SEB's Corporate Sustainability Policy we work with short-, medium- and long-term perspectives.

Impacts in two dimensions

SEB has both direct and indirect impacts on stakeholders, and we regard impacts in two dimensions. On the one hand are SEB's and our stakeholders' impacts on the planet and society, and on the other are the impacts that the planet and society have on SEB and SEB's stakeholders, including on our customers' business models and thereby their repayment capacity.

Our material focus areas

Our main focus areas are sustainable financing and investments, where we aim to have a positive impact on the environment and to create value for people and society. We strive to avoid causing, contributing or being directly linked to negative impacts on people and the environment from our activities, products and services.

Several areas serve as the foundation for our long-term achievements. Financial strength and resilience, risk management, business ethics and conduct, and crime prevention are all considered to be important in the long term for our stakeholders and are thus material for our business.

Meeting stakeholders' expectations

In 2021 SEB further developed its sustainability work. To meet increased demands and expectations from customers, investors, employees and society at large we put considerable efforts into product innovation and on strengthened policy frameworks, which together with strong governance are important cornerstones in our business.

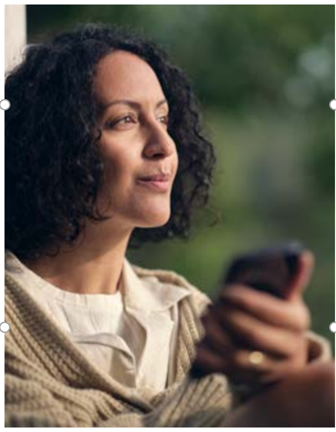
Another essential cornerstone is the transformation of our credit portfolio, work that was initiated in 2020 and where we use SEB's Customer Sustainability Classification model. This tool enables us to engage in active dialogues with our customers (see p. 62). By advising and supporting our customers' transition journeys, we believe we can make the greatest positive impact, and we are convinced that companies that actively work to integrate sustainability into their operations and business decisions will be better equipped for the future.

Our role

Mirrored in the sustainability strategy and goals (see p. 46), SEB has high ambitions for how to contribute to the transition. This is how we believe we can be a leading catalyst in the transition towards a sustainable society:

Financing the transition
We support our customers, share our knowledge and offer advisory services as well as sustainable financing and investment products.

Being a corporate citizen
We fulfil our critical role in society and always strive to take an active part in building for the future.



Acting as a thought leader
We develop innovative products and services and set standards for how banks can contribute to a more sustainable society.

Transforming our own business
We develop our own business, communicate our policies and goals, and transparently and continuously report on our position and progress.

Impacting the UN Sustainable Development Goals

By signing the UNEP FI Principles for Responsible Banking (PRB), we have committed to aligning our business strategy to international goals such as the UN Sustainable Development Goals (SDGs). Our key impacts, positive and negative, are related to the exposure we have through our financing and investment activities.

In 2021 SEB conducted a PRB impact analysis, linked to the SDGs, which is based on sector exposures in the bank's credit portfolio (see below).

From an SEB Group perspective we prioritise five of the SDGs that are clearly linked to our business strategy and our sustainability ambitions. They are related to our strong heritage of creating long-term growth and innovation as well as maintaining responsibility and an international outlook.

Climate action (SDG 13). Climate action is addressed throughout our business, from our pioneering role in green financing to our current work on helping our customers to transition and reduce their climate impacts.

Decent work and economic growth (SDG 8). Through our business we drive economic development both directly and indirectly, and contribute to the creation of new jobs and growth in society, for example by supporting entrepreneurs and providing individuals and companies access to capital and financial services via our microfinance funds.

Industry, innovation and infrastructure (SDG 9). Innovation, entrepreneurship and long-term relationships with industrial companies are part of our DNA, thereby contributing to a strengthening of infrastructure. We have long been active in standard-setting bodies such as the International Capital Market Association (ICMA). Through SEB Greentech we support companies in the green technology sector.

Peace, justice and strong institutions (SDG 16). Our business contributes to financial stability. We are committed to preventing corruption and bribery in all forms, money laundering, cybercrime, sabotage, intrusion attempts and financing of terrorism.

Gender equality (SDG 5). Gender perspectives shall be taken into account in the advice we provide to corporate as well as to private customers. In our microfinance funds, one focus area is financial inclusion, which ensures support especially to women in emerging markets. Internally, gender equality is an integrated part of our work with inclusion and diversity.

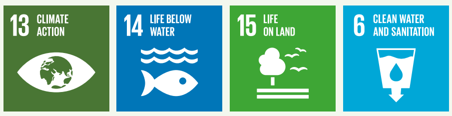
Impact analysis of SEB's credit portfolio

In 2021 SEB conducted an impact analysis – in line with our commitments to the Principles for Responsible Banking – on which SDGs we impact the most through our credit portfolio.

The impact analysis was performed based on SEB's own advisory tool, the Impact Metric Tool (IMT). The IMT is a quantitative portfolio analysis tool that measures ESG factors, impacts on the SDGs, alignment with the EU Taxonomy and the exposure to climate risks. The tool's SDG module, which has been developed in collaboration with the Royal Swedish Academy of Sciences, identifies and measures impacts of investments on the SDGs from a sector impact perspective.

SEB's impact analysis was based on SEB's exposure to each sector in its credit portfolio. The exposure was combined with the impacts each sector has, positive and negative, on the SDGs.

Based on this approach, and considering that the bulk of SEB's activities lie within northern Europe, the analysis showed that the areas where SEB's sector exposure has a potential negative impact are climate change (SDG 13),



biodiversity (SDGs 14 and 15) and fresh water (SDG 6). In these areas SEB's commitments and engagements are particularly relevant. The areas with the most significant positive impacts were for example SDG 8 and SDG 9.

SEB is actively developing its work in the identified areas. In spring 2022 SEB is updating its Environmental Policy – to cover climate change, biodiversity and fresh water – and several sector policies. The Green Bond Framework has been updated to support SEB's second green bond of EUR 1bn, which was issued and positively received in February 2022.

SEB will continue to develop its businesses, products and services, striving to contribute to positive development in the areas where we have most impacts.

→ See SEB and the Principles for Responsible Banking Reporting and Self-Assessment Template 2021, on p. 228.

Strategy and goals

In 2021 SEB presented an updated sustainability strategy that outlines the bank's role in the transition towards a sustainable society, which is part of SEB's business plan for 2022–2024 and a cornerstone of SEB's 2030 Strategy.

With the updated sustainability strategy, we have further raised our ambition level, clarified our role and taken the next step in accelerating the sustainability transition.

As a key part of the updated sustainability strategy, we have defined new ambitions and goals, including laying out a path for reducing our fossil fuel credit exposure and at the same time setting growth ambitions for our sustainable products, advisory services and investments.

Carbon Exposure Index – The Brown

This index is a volume-based metric that captures our fossil fuel credit exposure within the bank's energy portfolio. SEB's goal is to reduce the fossil fuel credit exposure within power generation and distribution (by >30 per cent), oil and gas exploration and production (by >70 per cent) and refining and distribution (by >30 per cent), for a combined reduction of 45–60 per cent by 2030 compared with a 2019 baseline.

Reaching this goal means that we will be in line with or outperform the strictest 1.5-degree scenario assumptions provided by the International Energy Agency and Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

Sustainability Activity Index – The Green

This index is a volume-based metric that captures our sustainability activity. It measures:

- sustainable financing
- sustainable finance advisory
- greentech venture capital investments
- Article 9 investment products (in line with the EU's Sustainable Finance Disclosure Regulation, SFDR) as a share of SEB's fund offering, own and external.

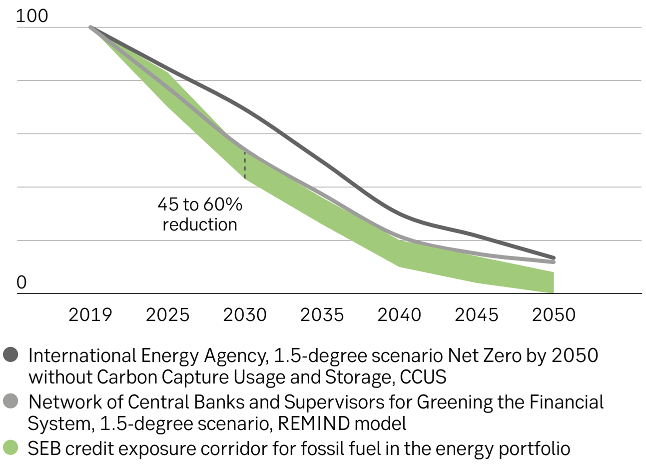
The ambition is to increase average sustainability activity 6–8 times by 2030 compared with a 2021 baseline.

Transition Ratio – The Future

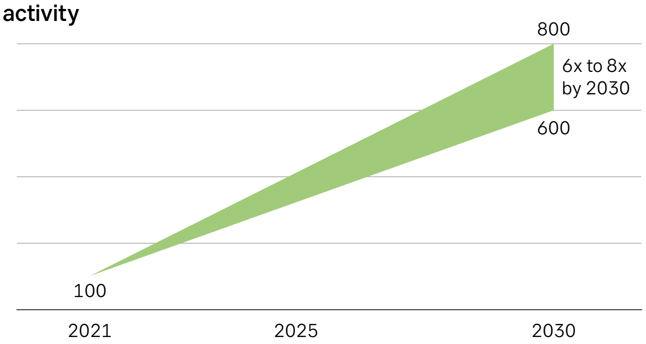
We will transition together with our customers as reflected in a Transition Ratio, which is a ratio based on our internal Customer Sustainability Classification model. This entails that we assess our customers' climate impact and alignment with the goals set out in the Paris Agreement, thereby classifying our credit portfolio.

By using this tool we gain a better understanding of our customers' transition journeys and can support them in reducing their carbon footprints and ensuring their transition over time. We aim to complete the classification of our credit portfolio in 2022 and to set targets for 2030. See p. 62, the Climate Report.

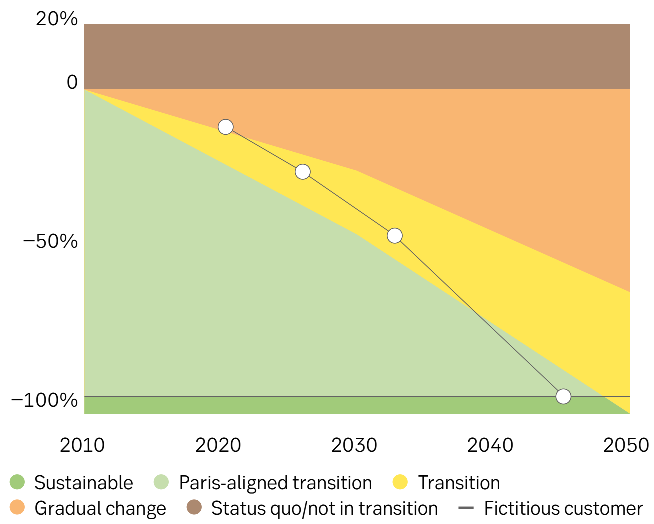
The Brown – Reduce our fossil fuel credit exposure in the energy portfolio



The Green – Increase average volume-based sustainability activity



The Future – Assess our customers' greenhouse gas emissions
A fictitious customer's transition journey



Goals 2025 and 2030

In line with the updated sustainability strategy, SEB has introduced three new goals: The Brown, The Green and The Future (see p. 46). These three goals will henceforth replace the corresponding targets that SEB has presented since 2017. The goals for the areas People, Business ethics and conduct, and Environment, direct impact, will still remain, however the date has been adjusted to align with SEB's new goals.

Area	Description	Baseline	Goal 2025	Goal 2030
The Brown	Carbon Exposure Index, measuring the fossil fuel credit exposure in our energy portfolio (index)	Index=100, 2019	Decrease towards target 2030	Reduce by 45–60 per cent
The Green	Sustainability Activity Index, measuring our activities that support sustainable development (index)	Index=100, 2021	Increase 3–4 times	Increase 6–8 times
The Future	Transition Ratio, measuring our corporate and real estate credit portfolio's anatomy from a climate perspective	Baseline to be established in 2022		

Goals and outcome

Area	Description	Outcome 2021	Outcome 2020	Goal 2021	Goal 2025
Innovation	Create sustainable finance innovation centre to develop and launch new sustainable products and services	9 sustainable products or services	12 sustainable products or services	5 sustainable products or services	Included in goals 2025 and 2030 above
Sustainable financing	Green loans[1]	SEK 29bn	SEK 25bn	Increase	Included in goals 2025 and 2030 above
	Green mortgages	SEK 8bn	SEK 4bn	Increase	
	Green bonds, underwriter, Nordic bank ranking[2]	#2	#2	#1	
	Gradually transform our credit portfolio towards increased sustainable financing	50% of relevant credit exposure assessed, 30% classified. See p.63	Sector-based climate-impact classification of corporate credit portfolio performed	Gradual transformation of credit portfolio to increase share of transitional and sustainable assets	
Sustainable investment	Total funds (AuM) with sustainability criteria / SFDR article 8 & 9, as share of SEB's total AuM[3]	27%	14%	Increase	Included in goals 2025 and 2030 above
	SEB funds with sustainability criteria / SFDR article 8 & 9, as share of SEB's fund company's total AuM[3]	82%	45%	Increase	
	SEB funds with human rights criteria as share of SEB's fund company's AuM	100%	100%	100%	
	SEB Impact and Thematic funds, total AuM[4]	SEK 13bn	SEK 12bn	Increase	
People	Integrate sustainability into KPIs for Top Senior Management[5]	90%	67%	Implement for all direct reports to GEC	Increase towards 100%
	Gender by management type, (men/women):				
	• Group Executive Committee (GEC)	67/33%	64/36%	Increase balance in senior management towards long-term ambition of 50/50±10%	Increase balance in senior management towards long-term ambition of 50/50±10%
	• Top Senior Management[5]	56/44%			
	• Senior Management	64/36%	64/36%		
Business ethics and conduct	Employees who have completed global mandatory training[6], average	95%	81%	Increase towards 100%	Increase towards 100%
Environment, direct impact	Absolute CO_2 emissions reduction by 66% by 2025 (compared with 2008)	Gross 9,389 tonnes Net 0 (through compensation)	9,734 tonnes	Reduce to 17,137 ±5% tonnes by 2025. Net zero emissions from 2021	Not to exceed 17,000 tonnes ±5% by 2025

1) Green loans include project financing in the EU, the UK and the Nordic region, in line with SEB Green Bond framework sustainability criteria.
2) Bloomberg (ranking by volume).
3) SFDR, Sustainable Finance Disclosure Regulation applies from March 2021; article 8 funds are environmental and socially promoting and article 9 funds have a sustainable investment objective.
4) Includes SEB Micro Finance Funds, SEB Impact Opportunity Fund, SEB Green Bond Fund and Lyxor SEB Impact Fund.
5) Top Senior Management, GEC+GEC direct reports.
6) SEB global mandatory trainings: Code of Conduct, AML and Combating Financing of Terrorism, Fraud prevention, Cyber Security, GDPR, Sexual Harassment and Sustainability Training on Climate Change. Includes consultants, excludes employees on leave of absence. See p. 212.

Sustainable financing

The financial sector can be regarded as one of the main drivers in the transition towards a more sustainable economy. At SEB we are convinced that we can accelerate the pace of this transition by supporting our customers through close collaboration, providing first-class advice and innovative financial solutions that are tailored to their needs.

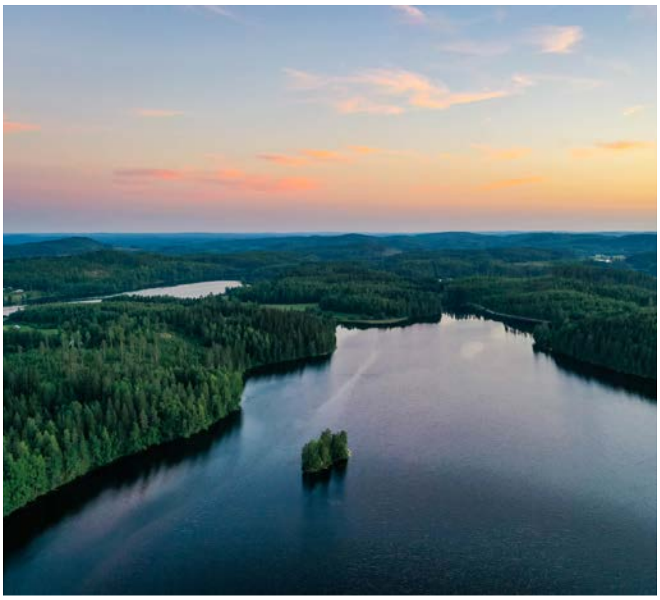
Focus on sustainable development, especially on climate change, intensified across the globe in 2021. Extreme weather events, the Sixth Assessment Report of the IPCC and the COP26 climate summit in Glasgow all contributed to heightened attention. Also, SEB saw a clear increase in expectations from corporate customers, financial institutions and private individuals on how we can support them with services and advice.

Responsible lending

Responsible financing and lending are important cornerstones of our business. We take a restrictive approach to doing business in industries with a high risk for corruption, negative impacts on human rights and labour rights, and businesses that operate in jurisdictions with low or no respect for human rights, and where proper mitigation is lacking. For private customers we adapt our advice and services to their specific needs and circumstances in processes and decisions.

SEB's Customer Acceptance Standards include environmental, social and governance (ESG) factors in what the bank considers to be critical requirements when accepting new customers and retaining existing ones. SEB's group-wide policies define how the bank is to take sustainability risks into account in financing activities. All transactions are to adhere to these policies.

→ See p. 57.



Our processes aim to ensure that material sustainability risks are identified, assessed and incorporated into the credit analysis and considered from SEB's compliance and reputational risk perspective. Particularly sensitive matters are to be discussed and approved within the divisional Sustainability Business Risk Committees before they are assessed in the Credit Committees.

→ See p. 56.

Dialogue and advice

We engage in constructive and concrete dialogues about our customers' needs in relation to sustainability challenges and opportunities. The Customer Sustainability Classification model is a hands-on tool for SEB's client teams that enables us to deepen our relationships and mutual understanding of our corporate customers' decarbonisation journeys, see p. 62. We strive to proactively offer solutions that we identify as relevant for them, based on a structured analysis.

The Impact Metric Tool (IMT) continued to be an appreciated advisory service by our customers. This quantitative analysis tool, developed by SEB, consists of modules that measure ESG aspects of companies' performance on a portfolio level. It also assesses positive and negative impacts with respect to the SDGs as well as the alignment of investment portfolios to the EU Taxonomy. More than 150 customer portfolios were analysed using this tool during the year.

We are convinced that we can make the greatest positive impact by being engaged in our customers' transition journeys. A proof that our customers appreciate our advisory services are the Prospera surveys, published in 2021 and 2022, focusing on banks' sustainability advice. SEB was two years in a row ranked number one by companies as well as institutions in the Nordic region.

Sustainable and sustainability-linked bonds and loans

Sustainability aspects are incorporated across a broad range of financial solutions in the bank. Among the products we offer are green bonds, social bonds, sustainable bonds, sustainability-linked bonds, green loans and sustainability-linked loans.

In 2021 SEB was the first bank in the Nordic region to start offering sustainability-linked supply chain financing. For private customers in Sweden, green mortgages continued to grow, reaching SEK 7.9bn, and loans for solar panels were increasingly appreciated. In late 2021 SEB also began offering green mortgages in the Baltic countries.

Among corporate customers, performance-based solutions such as sustainability-linked loans and bonds saw particularly strong growth in the Nordic market and especially in Sweden. The financing cost for these products is linked to the customer's ability to perform on pre-defined sustainability-related KPIs such as climate impact mitigation or social issues. In 2021 SEB was involved in several transactions, including H&M, SSAB, Maersk and EQT.

The market for green bonds saw its strongest year ever with USD 474bn in new issuances globally, up 56 per cent from 2020. This type of funding is earmarked for low carbon and/or environmentally sustainable investments. SEB is a pioneer and has been a global thought leader in green bonds for close to 15 years. In 2021 SEB had a leading position in the Nordic market with an 18 per cent share of global transactions by Nordic banks and underwrote an aggregate volume of USD 6.2bn.

SEB aims to continue the development and creation of new financial services. As part of its sustainability strategy, SEB has set goals for growing sustainable products and advisory services by 2030.

→ See p. 46.

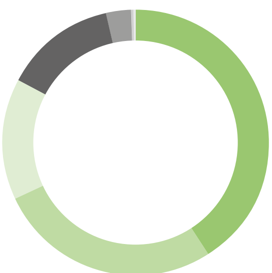
Updated Green Bond Framework

To finance projects and assets that support an environmentally sustainable society, SEB issues green bonds. In January 2022, SEB published its updated Green Bond Framework which defines eligible assets that can be financed by green bonds issued by SEB.

The updated framework, which is in line with the 2021 ICMA Green Bond Principles, has been made more inclusive to also support areas such as biodiversity and the transition to a circular economy. It is also broadly aligned with the technical screening criteria of the EU Taxonomy as of December 2021. To ensure that the framework meets high climate and environmental ambitions and international standards, SEB has obtained an independent, research-based, evaluation from Cicero Shades of Green. Cicero's second opinion rates the framework Medium Green and SEB's governance Excellent. In February 2022, SEB issued a green bond of EUR 1bn under the updated framework, refinancing its first green bond from 2017.

As per 31 December 2021, eligible green assets under the 2016 framework amounted to SEK 23bn. SEB's goal is to continue to grow its green lending as part of the ambition to increase sustainability-related financing.

SEB's green loan portfolio by sector 2021 Per cent



	Per cent
Renewable energy	41
Green buildings	27
Sustainable forestry	15
Clean transportation	14
Energy efficiency	3
Water and wastewater management	<1
Waste management	<1

Poseidon Principles

In 2021 SEB reported on the climate alignment of our loan portfolio in the shipping sector, according to the Poseidon Principles, signed by SEB in 2020.

The Poseidon Principles establish a global framework for responsible ship finance that aims to quantitatively assess and disclose whether financial institutions' lending portfolios are aligned with climate targets set by the International Maritime Organization (IMO), a specialised agency of the UN responsible for regulating shipping. The IMO's ambition is to reduce total annual greenhouse gas (GHG) emissions from international shipping by at least 50 per cent by 2050, based on 2008 levels. The ambition is presented as a trajectory with annual emission values until 2050.

SEB's result shows a climate alignment score for the bank's shipping portfolio for 2020 that was 2.5 per cent above target. Excluding the Cruise segment, which was an outlier in 2020 due to the Covid-19 related layup of vessels, the score would have been 3.8 per cent below target, implying that the bank's portfolio is aligned with the Poseidon Principles trajectory.

The results will be helpful in the process of aligning the bank's decision processes, and thereby the lending portfolio, with the shipping industry's transition towards a low carbon future.

Equator Principles

For project financing, since 2007 SEB has been adhering to the Equator Principles (EP), a voluntary set of guidelines used by financial institutions to assess the social and environmental impacts of large projects and assist customers in managing them.

In 2021 we conducted eight project finance transactions under the Equator Principles – four in category B (projects with potential limited adverse environmental and social risks) and four in category C (projects with minimal or no social or environmental impacts).

Sustainable investments

SEB is one of the largest institutional investors in the Nordic region. As an asset manager, we have high ambitions to contribute to sustainable development by investing in companies and other assets that can contribute to the transition to a more sustainable economy, meeting the expectations and requirements from customers and regulators.

We aim to have a comprehensive and competitive offering to private, corporate and institutional customers where environmental, social and governance (ESG) factors are fully integrated into the investment processes. Our offering covers a broad variety of products and services, including funds managed by SEB Investment Management, funds managed by external fund managers, equities and certificates, discretionary portfolio management and self-service investment solutions. The offering is evaluated on an ongoing basis. SEB Investment Management became a signatory of the UN Principles for Responsible Investment (PRI) in 2008. All external fund companies have signed the PRI. SEB Investment Management managed assets worth SEK 831bn at year-end 2021.

Sustainability at SEB Investment Management

SEB Investment Management strives to integrate sustainability aspects into all types of investments and asset classes. This is done by investing in companies that have integrated sustainability into their business models or have well-defined transition plans, by excluding industries and companies that do not meet SEB Investment Management's sustainability criteria, and by continuously engaging with the companies in which we invest or might invest.

In 2021 SEB Investment Management joined the Net Zero Asset Managers initiative, to commit to achieving net zero greenhouse gas emissions by 2040 and aligning all investments with the Paris Agreement. To achieve this, SEB Investment Management has set interim targets to reduce financed emissions by 50 per cent by 2025 and 75 per cent by 2030[1]. This commitment is formalised in SEB Investment Management's Climate Statement. In addition, the fund company will increase investments in companies that contribute to sustainable solutions or enable transition (see Sustainability Activity Index, p. 46), and will work to support companies on their transitional journeys. SEB Investment Management continuously evaluates its product offering and strives to improve its work by updating strategies and improving processes. In 2021 an updated Sustainability Policy was implemented.

Focus on integration

SEB Investment Management invests in companies that actively manage environmental, social and governance factors in their operations. We aim to identify companies that work to solve global sustainability challenges, for example by investing in line with the UN Sustainable Development Goals. To strengthen its analyses, in 2021 SEB Investment Management launched a proprietary sustainability model that assigns each potential investment a sustainability rating. It is used as a tool to create a fundamental view of companies' sustainability work.

Criteria for exclusion

SEB Investment Management's funds do not invest in companies that fail to respect international conventions and guidelines, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights, the UN's Guiding Principles on Business and Human Rights, the ILO Core Conventions on Labour Standards and Children's Rights and Business Principles. In 2021 all of SEB Investment Management's funds were managed in accordance with human rights criteria.

These funds are also managed in accordance with the same, strict exclusion criteria. The funds exclude companies that produce fossil fuels, including unconventional extraction, and companies that generate electricity from fossil fuels. Exemptions can be made for companies that demonstrate clear transition plans, as many of these will be crucial for realising the sustainable transition. Companies that produce pornography or tobacco or have more than five per cent of their turnover from alcohol and commercial gambling are also excluded. SEB Investment Management's Exclusion Committee makes the formal decision regarding which companies are to be excluded from investment. The exclusion list is reviewed at least quarterly, and the screening is done through the external advisor ISS ESG.

Active ownership

SEB Investment Management works actively to influence the companies in which it invest, in their effort to achieve positive change. In Swedish and Nordic companies, where we are often one of the largest shareholders, this commitment is implemented directly through dialogues with the company's executive management and board. Moreover, we vote at shareholder annual general meetings and serve on nomination committees. During 2021, SEB Investment Management voted at 331 annual and extraordinary general meetings and served on 35 nomination committees in listed Swedish companies.

Collaboration initiatives and partner-led dialogues

SEB Investment Management is a signatory of or has joined more than 20 collaboration initiatives focusing on various themes and issues, together with other investors. Among these are the UN PRI, the Institutional Investors Group on Climate Change (IIGCC), the CDP and the Investors Policy Dialogue on Deforestation (IPDD). These engagements are reviewed and evaluated on a case-by-case basis by SEB Investment Management's sustainability team together with relevant investment teams to ensure the objectives are aligned with our priorities and those of our customers. Federated Hermes EOS is one of the world's leading organisations within corporate engagement, maintaining

1) Baseline year 2019.

continuous dialogues with corporate executives. During the year, Federated Hermes conducted more than 2,700 dialogues on various sustainability-related issues on behalf of SEB and other investors. Our collaboration with the IIGCC is part of the Climate Action 100+ initiative. The aim is to influence the 167 companies that account for the largest carbon emissions globally. BP, Repsol and Royal Dutch Shell are among the companies that in recent years have made long-term climate-related commitments.

In 2021 SEB Investment Management was engaged in the CDP's water programme, urging companies to disclose environmental data on climate change, deforestation and water security. SEB Investment Management is also actively focusing on matters related to biodiversity. As an example, the matter was raised through the IPDD where SEB Investment Management discussed sustainable land use and management of natural resources with the Brazilian government, with the aim to combat accelerating deforestation.

Impact investments

Starting in 2013, SEB Investment Management has been a pioneer in offering microfinance funds and is today one of Europe's largest managers of this type of impact funds. SEB Investment Management launched its ninth microfinance fund in 2021, and through the local microfinance institutions, the current funds reach nearly 20 million entrepreneurs in 55 developing countries with more than SEK 7bn in total assets under management[1].

In 2021 SEB Investment Management launched the Global Climate Opportunity Fund – a thematic fund focusing on companies that are assessed to have solutions to global climate challenges. The fund is classified as "dark green" according to the EU's Sustainable Finance Disclosure Regulation (SFDR), which means that it has sustainable investments as its goal, see p. 58.

SEB's Impact Opportunity Fund also works with impact investments, but with a broader mandate to invest in various sectors with a positive impact on sustainable development and the environment.

The Lyxor SEB Impact Fund invests in companies that, through their products or services, offer innovative solutions to environmental or social challenges. The fund invests in five focus areas, including sustainable energy and resource efficiency.

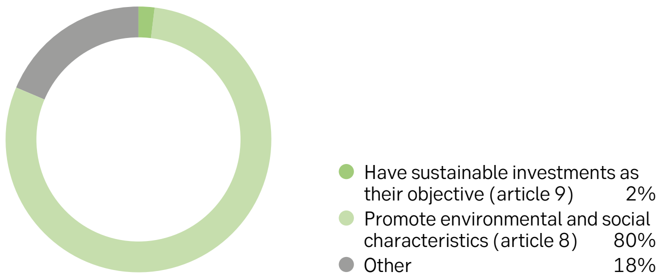
The SEB Global Equal Opportunity Fund, launched in 2021, is a thematic fund that invests in companies that outperform peers in terms of gender equality and diversity in their organisations. The fund also invests in companies delivering services or products that directly or indirectly support equal opportunities from a gender perspective.

SEB Life and Pension

SEB's life insurance company offers insurance and savings solutions for customers mainly in Sweden and the Baltic countries. Sustainability is integrated into the investment process through close collaboration with SEB's asset management organisation with resources that are dedicated entirely to working with sustainability and active ownership.

In 2021 several new investments were made within SEB Traditional Insurance, offered by the Swedish life insurance company. Among the examples are an investment in infrastructure that focuses on technology for fossil-free energy. The aim is to support the transition to lower carbon emissions in sectors such as transport and the industrial sector. Another example is an investment in unlisted companies whose main purpose is to find solutions to environmental and climate challenges, but also to matters such as food waste, health and education.

SEB Investment Management assets under management 31 December 2021



831

SEB Investment Management assets under management, SEKbn

20

million entrepreneurs are reached by microfinance loans

1,250

Number of companies engaged with

1) Includes the Impact Opportunity Fund.

People and community

SEB is committed to having a social impact to enable people and communities to prosper and grow. Through our expertise, products and services we have direct and indirect impacts on employees, customers, portfolio companies and suppliers.

Respecting human rights and labour rights is part of SEB's responsible business practice. We believe in equal rights for children, women and men, and that diversity is a resource that is to be supported, respected and applied. Equal rights and opportunities shall be supported irrespective of gender, national or ethnic origin, religion or belief, age, transgender identity or expression, sexual orientation or disability.

Inclusion and diversity

Inclusion and diversity are high on SEB's agenda, not least with respect to our employees, and we strive to be a role model in all countries in which we operate. SEB has an Inclusion and Diversity Policy in place, and we work in a structured way to actively recruit women to leadership roles, promote equal pay, recruit, develop and promote people with an international background, and increase diversity within teams and management groups.

Through clear routines we ensure a wide selection of applicants when positions are to be appointed, we set key performance indicators and targets at the senior managerial level, and we continuously monitor our progress. Our aim is to ensure diversity in SEB's talent pool and in succession planning for people who in the future are relevant to the bank's various managerial roles.

In 2021 a new recruitment system was introduced, based on various tests to match the right person to the right role. Instead of information about a person's background, gender and age, the manager receives the results from the candidate's test and can therefore make a more objective assessment.

Mandatory training in the prevention of sexual harassment was also introduced for everyone who works for SEB. The purpose is to increase knowledge about what can be considered as sexual harassment and give employees tools to act if something were to occur to oneself or a colleague. At year-end, 93 per cent of all employees had completed the training. Moreover, we became a member of Diversity Charter Sweden, a non-profit organisation that works to promote diversity in the workplace.

Building competence among employees

We have a strong focus on expanding sustainability competence among employees. In collaboration with Stockholm Resilience Centre, SEB offers a training on climate change, which is mandatory for our 15,500 employees globally. In 2021 we also introduced a sustainability training for employees working with private customers as well as small and medium-sized corporate customers. The training aims to lay the foundation for sustainable finance knowledge from an ESG perspective with a key focus on sustainability risks and opportunities and the changing regulatory environment. For several years we have also been offering training in sustainable finance, developed by SEB in collaboration with the United Nations.

Through continuous learning we aim to ensure that employees have the skills needed to perform and develop. In doing so we have been able to avoid major reorganisations with redundancies as a result. In situations where lay-offs for organisational reasons must be implemented, SEB in Sweden works according to a process that is regulated in collective agreements with the trade unions.

Health and work environment

SEB works long term and preventively to ensure a safe and healthy workplace where employees have a good balance between work and private life. In 2021 a new global employment policy was introduced. A majority of all employees can now choose to work from home for up to two days a week.

During 2021, another year marked by the Covid-19 pandemic, sick leave at SEB in Sweden remained low, at just below three per cent. SEB offers a range of measures to promote both mental and physical health among employees, including digital training sessions and lectures on mental health. For a number of years, we have also been offering employees the opportunity to speak anonymously with a psychologist, free of charge.

Sustainability Key Performance Indicators (KPIs) linked to remuneration

SEB recognises the importance of aligning incentive structures with its sustainability ambitions. The bank has group-wide as well as specific goals for the various divisions and units, targeting environmental, social and governance areas, for example carbon emissions, diversity and regulatory compliance.

Sustainability KPIs are integrated in the allocation process of long-term incentive structures for members of SEB's Group Executive Committee (GEC), for managers who report to GEC, as well as for other eligible positions.

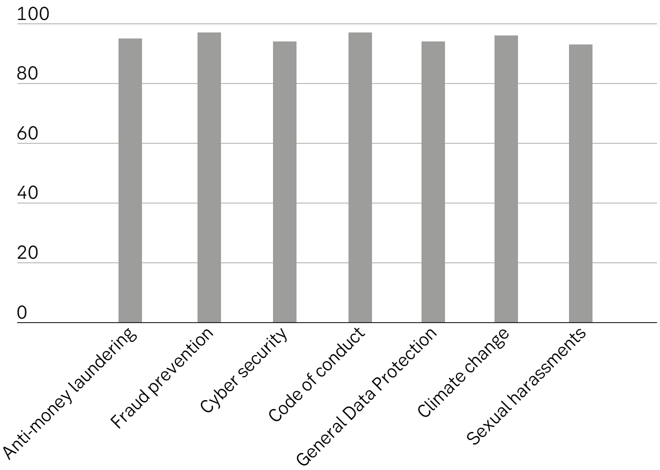
SEB aims to integrate the bank's updated ambitions and goals (see p. 46) into evaluations of SEB's senior managers.

→ For more information on SEB's remuneration principles, see p. 106.

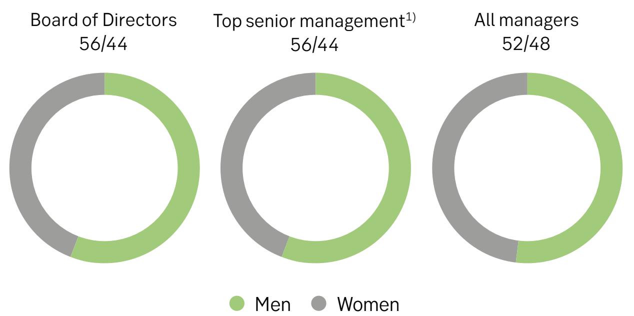
Labour law and trade unions

Cooperation with employee representatives of trade unions and works councils, for example, is an integral part of daily operations and something that is encouraged. We cooperate through the European Works Council (EWC) and with local employee representatives. In Sweden, SEB cooperates with the trade unions at the workplace, at both the divisional and group levels. Trade unions are represented on SEB's board. We adhere to a number of industry-wide collective agreements, and we have entered into local collective agreements to regulate conditions for employees in several countries where we operate.

Mandatory training completed, % of all employees, 2021



Gender distribution (men/women), %



1) Includes the Group Executive Management (GEC) and managers who report directly to GEC.

Human rights risks in our business

SEB assesses the risk for human rights violations in accordance with the group's Human Rights Policy and international agreements. We aim to avoid causing, contributing to, or being directly linked to adverse human rights impacts, and we strive to identify and assess areas where we could potentially have a negative impact in financing or investments through our business relations.

A customer with low human rights ambitions, that might expose people to, for example, danger or violations, could in addition to the risk of causing negative impacts on human beings present a credit risk for the bank. There is also high reputational risk associated with investing in such companies. This type of risk is to be assessed and monitored in the credit and investment processes. SEB Investment Management has strict criteria for how its actively managed funds are to relate to holdings that verifiably breach international norms regarding human rights criteria.

Our approach to child labour and forced labour

SEB is committed to the principles of protecting children and other vulnerable groups from any form of exploitation, including child labour and forced labour. We acknowledge that we, through our business activities, have a potential impact on child labour and forced labour issues. We strive to identify and mitigate our exposure to risks related to these areas and to influence our customers and portfolio companies to have appropriate labour policies and monitoring systems of sufficient quality.

We are also a member of the Swedish Financial Coalition against Commercial Sexual Exploitation of Children which seeks to prevent and impede payments associated with child abuse through the Swedish financial system.

Business ethics and conduct

Trust in the financial system is crucial for SEB to do business that benefits customers, shareholders, economic development and society at large.

It has always been a priority for SEB to maintain the highest standards of business ethics and we strive to continuously improve processes and procedures. We are guided by global initiatives and international standards, and over the years we developed own documents that steer and support our work.

Code of Conduct

SEB's Code of Conduct describes SEB's way of working, the bank's values, ethics and standards of business conduct and provides guidance on how employees are to abide by these values. The Code covers all employees of the SEB Group – in all markets where we operate – and helps employees in their efforts to build enduring relationships with customers and other stakeholders. Training in SEB's Code of Conduct is mandatory for all 15,500 employees.

→ See sebgroup.com

Customer data ethics

In 2021 SEB adopted a Customer Data Ethics Policy, which sets the framework for responsible handling of customer data, data-driven innovation and the use of artificial intelligence. The policy consists of eight principles for responsible business development and innovation that aim to protect customers and ensure confidence in the bank. These principles aim to safeguard human rights, protect customers and ensure that customer data is handled in an ethical and responsible manner in the continuous development of SEB's services and offering.

→ See sebgroup.com

Protecting privacy is of utmost importance to SEB when processing customers' personal data. Our customers should always feel safe in their relationship with SEB and in the processing of their personal data. We therefore always make sure that we process information provided by customers correctly and in compliance with applicable confidentiality and personal data protection regulations. Furthermore, we always require that persons who are charged with the handling of personal data on our behalf undertake by written agreement to observe a duty of confidentiality and SEB's strict IT-security requirements.

Anti-corruption

SEB works actively to prevent the risk of being used for corruption in line with applicable rules and regulations as well as its own internal rules and ethical standards. SEB does not engage in or tolerate unlawful or unethical business practices, and does not tolerate involvement in or association with corruption under any circumstances. In 2021, SEB adopted an Anti-Corruption Policy, which sets the framework for anti-corruption measures in SEB and establishes principles for analysing the risk of corruption and measures to prevent corruption. Furthermore, the policy establishes principles for managing corruption risks associated with intermediaries and other third parties. SEB's employees are required to comply with relevant external and internal restrictions pertaining to giving and accepting gifts and business entertainment, in order to avoid allegations of bribery or corruption.

Position on lobbying and unethical influence

SEB has strict guidelines for unethical influence, whether within business or society. All actions and decisions are to be in compliance with laws, regulations and other external rules as well as with internal instructions and policies, such as SEB's Code of Conduct. We may not support political parties through donations or otherwise.

Whistleblowing

SEB has a whistleblowing process for reporting irregularities. Employees or other persons who suspect potentially unethical or unlawful behaviour are to report their observations. Reports can be made completely anonymously via the digital service WhistleB. This service is entirely independent from SEB and meets the most stringent security requirements regarding encryption, data security and protection of the whistleblower's identity. All reported incidents or circumstances are promptly investigated and, when applicable, reported to the bank's CEO and the Audit and Compliance Committee.

Our approach to tax

In SEB's business, tax management and tax governance are relevant and important. With operations in more than 20 countries, SEB acknowledges the changing landscape around tax from both regulators and society and puts strong efforts in securing compliance with applicable tax laws and regulations. The bank strives to maintain high standards for tax governance, monitoring risks and ensuring tax compliance.

Products and services offered by SEB impact the tax situation for SEB and its customers and must always have business rationale. SEB must not use, encourage or facilitate – nor cooperate with external parties to facilitate – products or services that are in conflict with tax legislation or anti-tax avoidance law.

SEB has policies and procedures in place, and works actively with risk assessment, frameworks and controls, to ensure compliance with applicable tax laws and regulations related to its business. SEB is committed to meeting expectations on transparency in respect of its tax management. The Tax Policy is adopted by the Board and is reviewed annually.

SEB's income tax expense, SEKm

2019	2020	2021
4,717	4,100	5,441

The environment

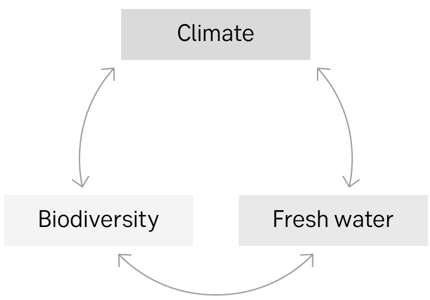
At SEB we address environmental aspects in our financing and investment activities as well as in managing our direct impacts.

Our environmental responsibility concerns the impact that we or our business partners have on living and non-living natural systems, including ecosystems, land, air and water. We are aware of and develop our abilities to manage impacts on the environment as well as the risks and opportunities that a changing environment may entail for us and our customers.

In order to better address SEB's impact on climate, fresh water and biodiversity we continuously develop policies related to this area. In late 2021 and early 2022 SEB worked with developing and updating its Environmental Policy with the aim to adopt it in the spring.

Interconnection of three areas

The interconnection between climate change, fresh water and biodiversity is inseparable, with significant impacts on society. Extreme weather events and changing habitat structures caused by climate change, are having an impact on various species. Conversely, biodiversity contributes to ecosystem services that support climate change adaptation and mitigation. The same interconnection applies to fresh water, vital as drinking source for flora and fauna, which can impact climate and biodiversity through for example evaporation and absorption effects.



The aim of SEB's Environmental Policy is to set the principles and approaches for managing environmental factors in financing and investments, primarily through sector policies. With the policy we acknowledge our role as a financial intermediary, our potential impacts and our position in each of the focus areas. Furthermore, we express what we expect from the companies in sectors with potential significant impact and how we aim to assess and engage with the customers in order to support a transition.

SEB aims to further develop its methodologies to integrate climate, fresh water and biodiversity considerations in business decisions as well as explore the integration of more environmental areas in the policy.

→ See our Environmental Policy at sebgroup.com

→ See Sustainability notes, p. 208.

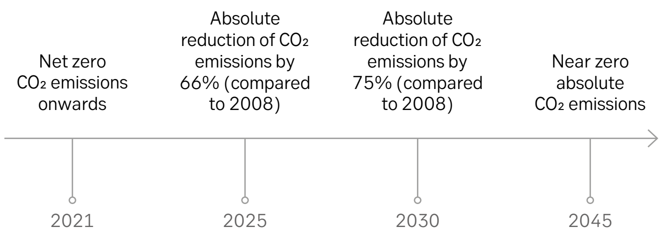
Involving stakeholders

In the development of the Environmental Policy, SEB organises stakeholder meetings with actively engaged civil society organisations to get technical input and insights on the relevant challenges and priorities that are identified in the impact analysis that is described on p. 45. SEB has also joined the network Business@Biodiversity Sweden, to gain further knowledge that can be integrated into the work with biodiversity in product development and risk management.

SEB's direct environmental impacts

SEB has a responsibility and works actively to reduce its direct environmental impacts. Since 2008 we have been measuring our carbon emissions from energy consumption, use of paper, company cars and business travel. From 2021 we also measure our carbon emissions from waste.

We have set the following direct CO_2 targets:



To achieve these targets SEB will:

- improve energy efficiency of operations and buildings
- use renewable energy in buildings owned or rented by SEB
- reduce business travel by using alternative meeting formats and reduce travel-related fossil emissions
- shift to an electrified fleet of company cars
- work together with suppliers to minimise SEB's broader carbon footprint
- provide transparent reporting on SEB's emissions profile and the actions SEB undertakes to manage and mitigate emissions. SEB is a signatory to the CDP.

In 2021 we continued to see the effects of the Covid-19 pandemic, mainly on business travel, which more than halved in terms of carbon emissions compared to 2020. SEB's total carbon emissions decreased by almost 4 percent from 9,734 tonnes in 2020 to 9,389 tonnes in 2021, which is significantly below the bank's target of limiting emissions to 17,000 tonnes ±5 percent by 2025. The long-term ambition is to reduce own carbon emissions to close to zero in 2045.

In 2021 SEB acquired emission rights corresponding to 5,000 tonnes, compensating for part of the direct emissions measured in 2020. SEB achieves the goal to become climate neutral for 2021, through climate compensation. Emission rights are acquired during 2022.

Sustainability governance

As a bank we have a responsibility for how we conduct our business, what we finance and what we invest in. With a clear governance structure, internal policies and in line with our commitments we ensure that our efforts are implemented throughout the group.

Strong and effective governance is important for successful progress. SEB has created a robust sustainability governance model that, with clear roles and mandates on different levels, covers the economic, social, environmental (including climate), and ethical dimensions of the business. This model determines how we set our strategy and work to implement it in practice. The strengthened sustainability organisation, Sustainable Banking, is now well established, and since 2021 designated sustainability managers have been appointed in all of SEB's home markets.

The *Board of Directors* is ultimately responsible for establishing a strategy for corporate sustainability and an organisation to execute this strategy. SEB's sustainability endeavours are an integral part of the business and are regularly included on the Board's agenda, together with an annual review of policies and instructions.

The Board approves SEB's strategy and business plan, including sustainability considerations, the Corporate Sustainability Policy, thematic policies and the Sustainability Report. Sector policies are approved by the Board's Risk and Capital Committee.

The *President and Chief Executive Officer (President)* is responsible for execution of the sustainability strategy and implementation of the governance structure set by the Board.

At the executive level, sustainability issues are handled within the *Group Executive Sustainability Committee (GESC)*, chaired by the President. The GESC is a group-wide decision-making body that addresses matters related to corporate sustainability activities in SEB.

The *Group Risk Committee (GRC)*, also chaired by the President, is a group-wide decision-making body that addresses all types of risk at the group level, including sustainability and reputational risks.

The *Chief Sustainability Officer* is a member of the extended Group Executive Committee (GEC), the GESC and GRC, and is also Head of Sustainable Banking. This is a first-line, operational body in the SEB Group that gathers SEB's expertise and takes a holistic approach both strategically and commercially.

Sustainable Banking is responsible for coordinating and driving the overall sustainability agenda in close collaboration with the divisions, group staff and support functions.

Assessment of new products

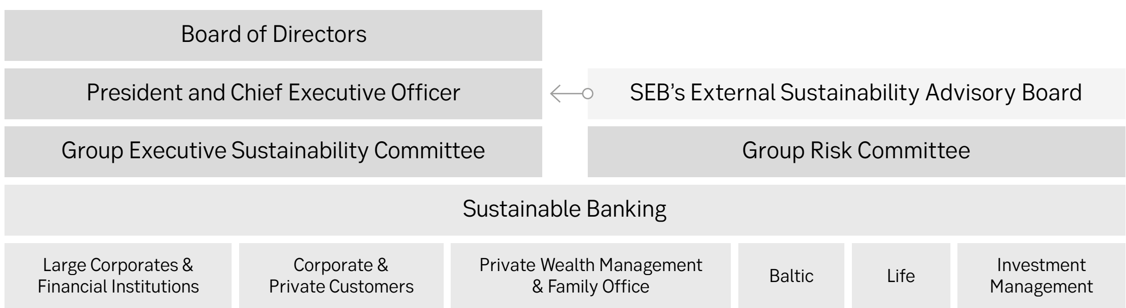
Administrated by Sustainable Banking, the *Sustainability Product Committee (SPC)* centralises assessments of new products. The SPC decides on the right for SEB units to use any sustainability reference in the marketing or distribution of products or services, such as, reference to ESG (Environmental, Social, Governance) factors, the UN Sustainable Development Goals and the EU Taxonomy. The *Environmental and Sustainable Product Steering Committee (ESPSC)* is a sub-committee of the SPC and decides on the eligibility of assets for the SEB Group's sustainability-related funding programmes.

Procedures and controls

Each Head of Division, Head of Group Support function and Head of Group Staff function is responsible for ensuring that procedures and controls are in place to implement and follow up sustainability objectives, and that strategy and policies set by the Board, the President and the GESC are adhered to. The *Sustainability Business Risk Committees* in the divisions assess and decide on new customers or transactional proposals from a sustainability risk perspective before bringing the onboarding or transaction for decision by the relevant decision-making body.

Sustainability governance in SEB Investment Management

The subsidiary SEB Investment Management is a division and is included in SEB's governance structure. As a subsidiary, the fund company is a separate legal entity with its own board of directors. The company operates in accordance with the Sustainability Policy for SEB Investment Management and Principles for Shareholder Engagement for SEB Investment Management. Within the executive management team, the Head of Sustainability and Governance is responsible for developing and coordinating this work, including climate change.



Advising SEB, upon invitation by the President. See p. 101.

Sustainability policy framework

SEB's sustainability policy framework covers the Corporate Sustainability Policy, thematic policies and sector policies. The framework provides guidelines on best practice and on the international conventions and standards that the bank encourages companies to follow.

The Corporate Sustainability Policy defines the framework for sustainability in SEB and provides a governing platform for our sustainability work for all business decisions, including investment and credit decisions. The thematic and sector policies primarily take a risk-based approach to address sustainability in financing and investment activities.

The framework is reviewed annually in order to strengthen the business and in line with regulatory, technological and industry-specific development. In 2021 SEB made a major revision of the Sector Policy on Fossil Fuels, and also updated the Policy on Mining and Metals. The Environmental Policy, covering climate change, fresh water and biodiversity, is adopted in spring 2022, after a major review. The policies on Forestry, Renewable Energy and Shipping were also updated. Moreover, SEB published its first Sector Policy on Transportation.

→ See p. 55.

Overall framework

Corporate Sustainability Policy

Corporate Sustainability Governance Instruction

Sustainability Policy Implementation Instruction

Thematic policies

Environmental Policy	Human Rights Policy

Sector policies

Arms and Defence

Forestry

Fossil Fuels

Mining and Metals

Renewable Energy

Shipping

Transportation

Tobacco

Gambling

Other group policies

SEB has several other group-wide policies that guide our employees in relation with customers as well as with colleagues. Examples include:

- Code of Conduct → See p. 54
- Customer Adoption Standards (CAS) → See p. 89
- Anti-Corruption → See p. 54
- Customer Data Ethics Policy → See p. 54
- Inclusion and Diversity Policy → See p. 52
- Modern Slavery Act See sebgroup.com
- Tax Policy → See p. 54

Sustainability commitments

SEB has committed to numerous international codes and agreements and signed frameworks that guide the work of the bank. Among the international agreements that SEB supports are the Paris Agreement, the UN Sustainable Development Goals (SDGs), the Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights.

→ For the full list, see sebgroup.com

SEB has joined or publicly endorsed (year of signature):

- *The UN Global Compact* (2004) – a framework for companies to implement sustainability principles on human rights, labour rights, the environment and anti-corruption.
- *The UNEP FI Principles for Responsible Banking* (2019) – a sustainability framework for banks to positively contribute to society by integrating the Paris Agreement and SDGs in objectives and business processes. See p. 45.
- *The Net-Zero Banking Alliance, NZBA* (2021) – SEB is a founding signatory of the NZBA, which aims to accelerate the transition of the global economy to net zero emissions by 2050.
- *Net Zero Asset Managers initiative* (2020) – commitment to support the goal of net zero greenhouse gas emissions by 2050.
- *Task Force on Climate-related Financial Disclosures, TCFD* (2018) – recommendations for voluntary climate-related financial disclosures.
- *The Principles for Responsible Investments, PRI* (2008) – the UN-supported six investment principles for incorporating sustainability aspects into investment practice.
- *The Equator Principles* (2007) – voluntary framework for lenders and borrowers in project finance.
- *The Poseidon Principles* (2020) – a framework to promote international shipping's decarbonization.
- *Responsible Ship Recycling Standards* (2021) – a bank initiative for ensuring environmentally and socially responsible dismantling and recycling of ships.

EU regulatory development

To achieve the commitment set out in the EU Action Plan on Sustainable Finance, a number of interlinking regulations have been enacted to redirect capital flows to a sustainable economy.

The EU classification system, the Taxonomy Regulation, provides definitions of sustainable economic activities, and specifies reporting requirements on the proportion of environmentally sustainable economic activities in businesses, investments or lending activities. SEB is integrating the EU Taxonomy into its business strategy, processes and procedures (such as in the updated Green Bond Framework and the Customer Sustainability Classification model) and in product development and customer advice, for financing and investments (see p. 22, 45, 49, 56, 62, 64).

SEB is incorporating the sustainability reporting requirements in accordance with the current Taxonomy disclosure delegated act (see Taxonomy mandatory report below and Taxonomy Voluntary report on p. 209). As the availability of taxonomy-related data increases, banks and other financial institutions will be able to provide complete taxonomy reporting on their assets, including the Green Asset Ratio (GAR) and the Green Investment Ratio (GIR).

Sustainable Finance Disclosure Regulation (SFDR)

The SFDR is designed to make it easier for investors to distinguish and compare sustainable investment strategies and provide greater transparency on the degree to which financial products have sustainable characteristics or objectives. The first part of the regulation came into force in 2021, and at year-end all funds managed by SEB Investment Management were categorised based on whether the fund has sustainability as its objective (Article 9 or dark green), promotes sustainable characteristics (Article 8 or light green) or does not integrate sustainability-related considerations into investment decisions (Article 6 or grey). SEB has included information in its fund lists and has introduced new web pages to help its customers understand, compare and monitor sustainability characteristics in SEB's fund offering.

EU Platform on Sustainable Finance

The EU Platform on Sustainable Finance is an expert group with the mandate to advise the EU Commission on development and application of the EU Taxonomy.

SEB is one of two European commercial banks represented in the platform. SEB has actively worked with the Nordic and Baltic banking associations and their members to share the latest public information about progress and gather views regarding the development of the Taxonomy. The members of the platform advise the EU Commission in the following areas, among others:

- development of a taxonomy for the remaining four environmental objectives (in addition to climate mitigation and adaptation) – biodiversity, water and marine resources, pollution prevention and control and circular economy
- the conceptual framework for an extended taxonomy including the disclosure of activities that are harmful or have low environmental impact
- the conceptual framework for a social taxonomy.

EU Taxonomy reporting

For credit institutions the main Taxonomy-related key performance indicator will be the Green Asset Ratio, GAR, which shows the share of Taxonomy-*aligned* assets. Such assets are defined as assets which fulfill the Taxonomy criteria, including substantially contributing to at least one of the six environmental objectives stated in the Taxonomy regulation.

Full GAR-reporting is required from 2024, for financial year 2023. For financial year 2021, credit institutions are required to, among other things, report the share of Taxonomy-*eligible* and *non-eligible* assets to total assets. Taxonomy-*eligible* assets relate to economic activities covered by the Taxonomy environmental objectives, which have the potential of being defined as Taxonomy-*aligned* based on future undertaking/investee Taxonomy reporting. Credit institutions' *mandatory* Taxonomy disclosures should be based only on information reported by undertakings/issuers. Since non-financial undertakings will start reporting in accordance with the Taxonomy regulation in 2022, financial institutions have limited access to such information. However, public information and customer knowledge may be used to *voluntarily* disclose Taxonomy-eligible assets.

SEB's Taxonomy reporting covers the SEB Group, including life insurance business. The 2021 *mandatory* report includes household mortgage loans identified as Taxonomy-eligible assets, based on the underlying collaterals (real estate). Other assets, Taxonomy eligible or non-eligible, can be identified based on taxonomy reporting provided by undertakings/issuers only from 2022 onwards.

Mandatory EU Taxonomy report

Assets	Assets SEKm 2021	Share of total assets, %
Exposures to Taxonomy-eligible assets[1]	618,756	19
Exposures to Taxonomy non-eligible assets[1]	–	–
Exposures to central governments, central banks and supranationals	492,093	15
Derivatives (hedge accounting)	973	0
Exposures to non-NFRD undertakings[1) 2)]	–	–
Trading portfolio (incl. derivatives excl. hedge accounting)	350, 692	11
On demand inter-bank loans	6,745	0

1) Reported only to the extent data is reported for the underlying economic activity.
2) EU Non-Financial Reporting Directive, requiring Sustainability reporting for certain large companies (> 500 employees).

Voluntary Taxonomy report

For SEB's voluntary Taxonomy report, see p. 209.

Engaging with stakeholders

We engage with key stakeholders to ensure that we prioritise the most important issues. Among all our stakeholder groups, strong focus was on sustainability, especially on climate, change during the year.

Customers

For corporate customers, sustainable finance became increasingly important in advising, products and services. Customers appreciate that SEB has been a strong financial partner through the pandemic. However, they expressed some frustration about the administrative burden banks put on them with thorough know-your-customer (KYC) and anti-money laundering processes. SEB earned the top rating in the Prospera survey on sustainability advice (published in 2021 and 2022) among large corporates and financial institutions in the Nordic region.

Private customers in Sweden are highly engaged in sustainability. More than 7,000 customers responded to SEB's annual sustainability survey. They cited climate change, clean water and sanitation, and biodiversity as areas they want SEB's fund company to prioritise in its engagement work. Moreover, customers appreciated the improved services in the mobile bank app as evidenced by high usage.

Investors, shareholders and analysts

The effects of the pandemic continued to be in focus among investors, shareholders and analysts, however more from a point of economic recovery, both in terms of increased revenue momentum and how net expected credit losses would evolve in 2021 and 2022. With the lifting of dividend restrictions in autumn 2021, capital repatriation was a frequently discussed topic. SEB paid an additional ordinary dividend in November, and also initiated a share repurchase programme. The strong inflow of deposits and its effect on SEB's funding mix and funding plans was a topic among both equity and debt investors. Sustainability remained high on the agenda.

Employees

SEB's employees are engaged, have great confidence in SEB's future and management, and feel that they can speak their minds, develop, and contribute to change. Among areas of improvement, employees noted cross-functional collaboration, communication in connection with decision-making and further improvement of the customer experience. A survey associated with the pandemic showed that employees generally felt well-supported, knew how to prioritise their tasks, and felt that the bank had taken big steps forward in technology and collaboration tools.

→ See p. 26.

Society – regulators, media and NGOs

SEB is engaged in continuous dialogues with regulators and supervisors at the national and international levels, through bilateral and multilateral meetings and in various industry forums. Topics of focus during the year included, among others, anti-money laundering, customer protection and sustainability, such as integration of sustainability and climate risk in processes and disclosures. We had dialogues with non-governmental organisations (NGOs), consumer advocate groups and the media through direct dialogues, local engagements, round table discussions and press conferences. In 2021, among both the media and NGOs, strong focus was on our approach to climate change and fossil fuels, while the engagement on biodiversity increased among NGOs.

In the media the pandemic remained a key topic, with focus on the economic recovery and the return to the workplace. Also, fraud and crime prevention were in focus.

Our suppliers

SEB has established procedures to evaluate and select suppliers and contractors, based on financial, environmental, social and governance aspects. These aspects include environment, labour practices and human rights, fair business practices and sustainable procurement. These are to be taken into account in procurement decisions along with other risk factors and commercial aspects. We monitor suppliers' processes and performance where appropriate. These standards are described in SEB's Code of Conduct for Suppliers.

To identify sustainability risks among our suppliers, SEB starts with an initial assessment. The sustainability risk level for each supplier is determined by country, industry sector and business criticality. Suppliers that are identified as having a potential elevated risk level in the risk assessment are subject to an enhanced assessment. In 2021 SEB's Group Technology strengthened its screening of approximately 30 key suppliers with deeper assessments and enhanced ESG requirements on their products and services.

During 2022 an updated tool for the initial assessment will be launched. The tool will also enable a wider portfolio review.

Climate risk strategy

Climate change is accelerating and has become the greatest and most urgent challenge of our generation. SEB is committed to aligning its strategy with the Paris Agreement and contributing to the transition to a low-carbon society. As a bank, we have both a responsibility and the ability to create financial solutions that accelerate the transition while supporting our customers. During 2021, we intensified our efforts to manage risks related to climate change.

With this report we aim to provide a transparent overview of our strategy for reducing the bank's climate impact and share our risk management process for identifying, assessing, and managing climate-related risks. The report is prepared based on the TCFD recommendations and covers the SEB Group including the subsidiary SEB Investment Management (the fund company). The fund company's climate report is presented on p. 69.

SEB is uniquely positioned to contribute to the transition

SEB aims to contribute to a more sustainable society by supporting our customers and portfolio companies in meeting their climate-related goals. We do this by offering innovative and sustainable financing, advisory and investment solutions. As a bank we have an important role to play in channeling the vast investments required to make the transition happen.

One of the most important challenges for tackling climate change is the transformation of large industrial companies in sectors with a material carbon footprint, such as power generation, transportation, and construction. As a long-term major financial partner to large Nordic companies and a prime Nordic asset manager, SEB is uniquely positioned to support customers in this transformation. We also participate in the transformation of small- and medium-sized corporate customers. We believe that we can add value to customers in this segment as well by leveraging our experience from working with the transformation of large corporates.

Our climate change strategy includes engaging in active dialogues with customers, and in return we expect our customers to be transparent and share their transition plans and progress. SEB believes that engagement and inclusion are the best ways to achieve the necessary transformation. However, SEB orderly phases out engagements where convictions do not align.

Ambitions and goals

SEB has defined three new climate-related ambitions and goals, including laying out a path for the reduction of our fossil fuel credit exposure and at the same time setting growth ambitions for our sustainable products, advisory services and investments. The goals are presented in more detail on p. 46. The metrics can be summarised as follows:

- Carbon Exposure Index – The Brown: Measuring the fossil fuel credit exposure within the bank's energy portfolio
- Sustainability Activity Index – The Green: Measuring volumes for sustainable financing, sustainable finance advisory, venture capital investments within greentech, and Article 9 financial investment products' share of assets under management
- Transition Ratio – The Future: Assessing our customers' climate impact and alignment with the Paris Agreement, by classifying our credit portfolio using our internal Customer Sustainability Classification model.

These ambitions and goals will be followed up and reported on an annual basis.

SEB is uniquely positioned to contribute to the transformation due to its position as a large corporate bank
SEK 2,726bn credit portfolio as per 31 Dec. 2021

Measuring our credit portfolio's climate impact

To understand the climate impact of SEB's credit portfolio, assets and customers are analysed from different perspectives.

SEB's credit portfolio from a top-down climate perspective

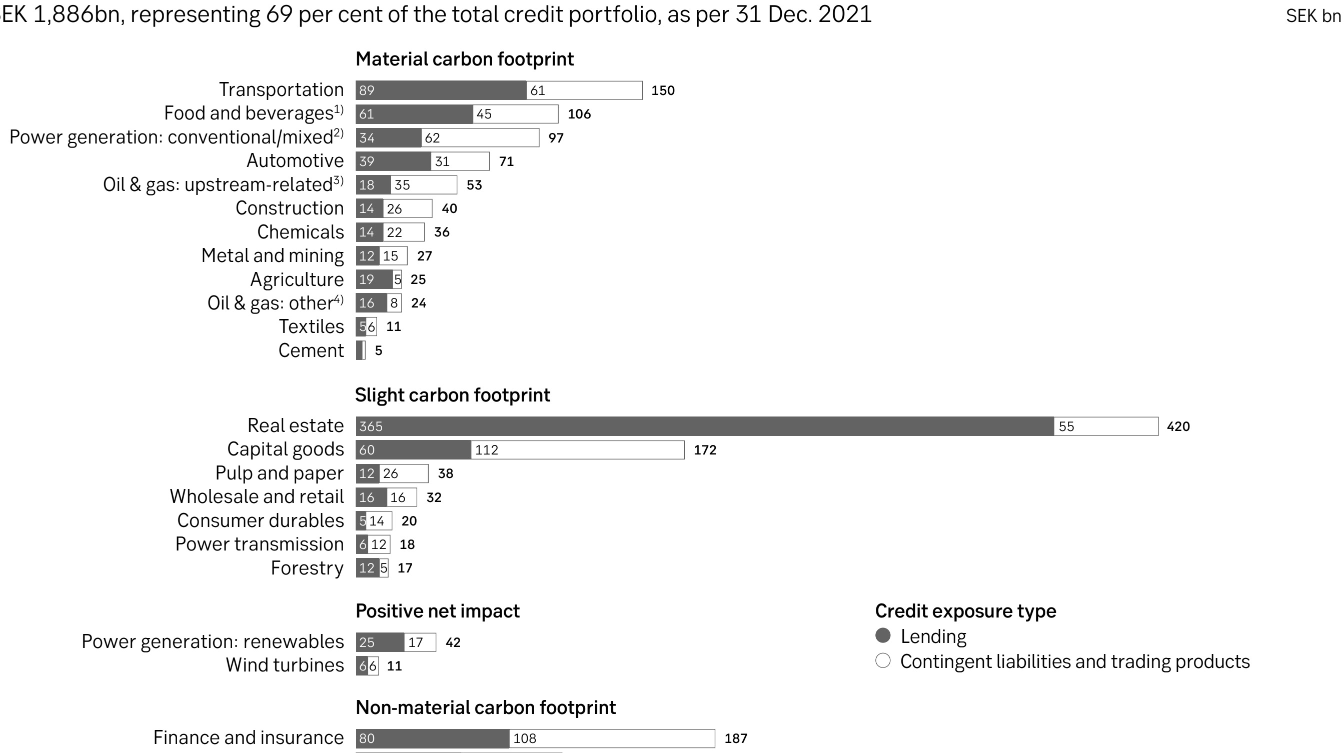
Understanding the carbon footprint of the bank's credit portfolio is the starting point for taking action on climate change and setting meaningful strategic targets. As illustrated in the chart below, SEB has categorised its corporate and real estate credit portfolio into industry sectors. The industry sectors have thereafter been sorted into four categories based on their average carbon footprint:

1. Sectors with a material carbon footprint. This includes sectors such as power generation, transportation, automotive, construction, and agriculture.
2. Sectors with a slight carbon footprint, such as real estate, capital goods, pulp and paper as well as wholesale and retail.
3. Sectors with a very limited, or even positive carbon footprint, such as producers of renewable energy.
4. Sectors that are currently out of scope due to their non-material carbon footprint. The service sector is such an example.

It is important to note that these categories only reflect the sectors' average carbon footprint, and not the individual customers' footprint. Customers within the same sector have different carbon footprints depending on, for instance, the technology used and energy sources. The customers' future climate impact may differ even more depending on their transition plans. The break-down of SEB's corporate and real estate credit portfolio is a high-level overview of SEB's credit exposure from a climate perspective.

Breakdown of SEB's corporate and real estate credit portfolio reflecting the sector's carbon footprint

SEK 1,886bn, representing 69 per cent of the total credit portfolio, as per 31 Dec. 2021



1) Production and wholesale & retail.
2) Companies with a power generation mix that is non-renewable or a mix of non-renewable and renewable.
3) Exploration and production, oilfield services and offshore.
4) Transport, distribution & storage, refining, retail and other.

SEB's credit portfolio from a bottom-up climate perspective – The Customer Sustainability Classification model

To gain a more correct and granular view of our corporate and real estate portfolio's climate impact, we have to assess each customer's actual climate impact. For this purpose, we have developed a proprietary model: the Customer Sustainability Classification model (CSC).

The CSC model assesses how aligned the customer's business activities are with the climate objectives of the Paris Agreement. The model is used in customer meetings as a hands-on tool to discuss the customers' transition plans. The CSC model will be a key component of both business strategy and risk management going forward.

The CSC model focuses on customers in the sectors that have a material or slight carbon footprint. SEB has developed its own methodologies for assessing 32 industry sub-sectors within these two categories. These methodologies currently cover roughly 70 per cent of the corporate and real estate portfolio's credit exposure.

The methodologies draw on definitions, targets, and transition indicators set in the EU Taxonomy, the Paris Agreement as well as EU or country-specific regulations, and initiatives.

To perform the assessment, SEB collects information about the customer's baseline year and current emissions, and its short-term (≤5 years), medium-term (6-15 years) and long-term (16 years–2050) reduction targets compared to baseline. This results in four data points that illustrate the customer's transition journey.

The customer's transition journey is then compared to what the sector as a whole needs to achieve in order to reach the objectives of the Paris Agreement. The outcome at each data point in the customer's transition journey is then weighted into one final overall classification of the customer.

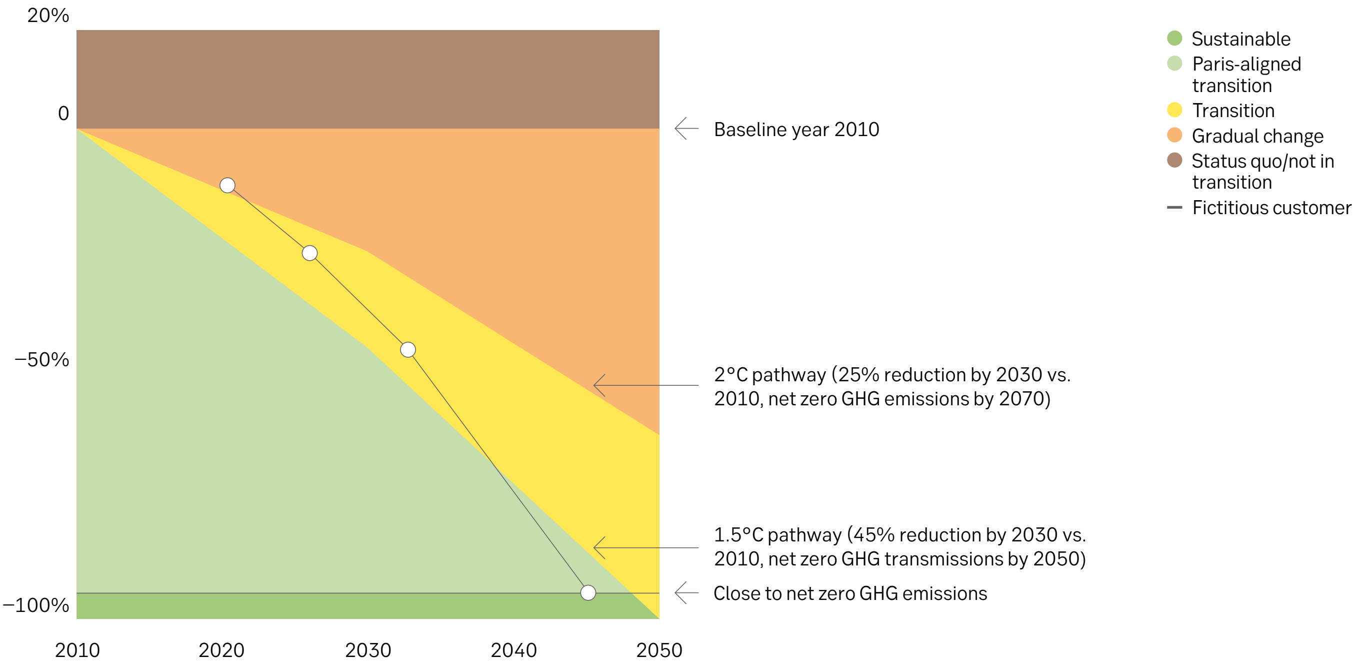
There are five customer classification categories:

- *Sustainable:* Companies with already sustainable activities and/or very limited greenhouse gas (GHG) emissions
- *Paris-aligned transition:* Companies in transition with plans aligned with the Paris Agreement target to limit global warming to 1.5°C (net zero GHG emissions by 2050)
- *Transition:* Companies in transition with plans aligned with a target to limit global warming to around 2°C (net zero GHG emissions by 2070)
- *Gradual change:* Companies in transition but with plans that are not aligned with the 2°C target
- *Status quo:* Companies with no or limited transition plans.

In the chart below a fictitious customer's transition journey between 2020 and 2050 has been plotted against what is needed for the relevant sector as a whole to achieve a Paris-aligned transition.

As a result of the individual classification, a company with a credible and ambitious transition plan but active in a sector with a material carbon footprint could still be classified as in 'transition' or in 'Paris-aligned transition'.

Sample sector transition scenarios and a fictitious customer's transition journey



Selection of sector methodologies for the CSC model

The availability and accuracy of greenhouse gas emissions data differs between companies and sectors.

For large companies in sectors where regulatory thresholds are either defined or in scope for the EU Taxonomy (e.g., power generation and automotive), indicators are often publicly disclosed, which allows for modelling of transition paths.

For other sectors like capital goods and food processing, where emissions related to the supply chain are significant, data availability, while improving, remains limited. The table below shows which indicators are used for a selection of sectors in SEB's model.

Sector	Indicators[1]
Food and beverages	Scope 1, 2 & 3 supply chain and transport
Power generation	gCO_2/kWh
Automotive	gCO_2/km
Oil & gas	gCO_2/MJ
Construction-infrastructure	Scope 1, 2 & 3 supply chain
Chemicals	Scope 1, 2 & 3 supply chain
Steel	Tonnes CO_2 per tonne crude steel
Textiles	Scope 1,2 & 3 supply chain
Cement	Tonnes CO_2 per tonne cement
Real estate	kWh/square metre
Capital goods	Scope 1, 2 & 3 supply chain
Food retail	Scope 1, 2 & 3 supply chain
Pulp & paper	Scope 1, 2 & 3 transport
Consumer durables	Scope 1, 2 & 3 supply chain

1) Scope 1: Direct emissions from sources owned or controlled by the company. Scope 2: Indirect emissions resulting from electricity, heat, or steam purchased by the company. Scope 3: Indirect emissions from sources not owned or controlled by the company, e.g. related to the supply chain.

Customer sustainability classification – 2021 progress

The CSC model was developed in 2020 and was tested in a pilot project comprising a large number of customers in sectors with material or slight carbon footprint.

In 2021, an ambitious goal to assess 50 per cent of the total corporate and real estate credit portfolio in sectors with material or slight carbon footprint was reached. In addition, the CSC model has been integrated into the business decision process by introducing a requirement to classify customers in sectors with a material carbon footprint.

To promote lending in line with SEB's sustainability strategy and targets, an internal funding cost adjustment based on the outcome of the classification has been introduced for large corporate customers. New green financing (eligible based on the criteria in the Green Bond Framework) receives a discount, while a surcharge is applied to new lending that is classified as brown or orange in the model.

Not all assessments result in an actual classification of the customer due to a lack of sufficient data and/or data quality issues. Of the credit portfolio assessed, 60 per cent had been classified by year-end 2021. As companies gradually improve their climate reporting, the quality and coverage of the classification will improve.

Once individual customers have been classified, the results can be aggregated on a portfolio level to show the climate impact of a certain sub-portfolio (for example SEB's automotive or power generation portfolio) or the whole corporate and real estate credit portfolio.

In 2021 SEB introduced a new credit portfolio goal called Transition Ratio. This ratio shows the share of SEB's corporate and real estate credit portfolio that is classified as dark green, light green, or yellow in the model. The Transition Ratio will be a powerful tool for setting strategic goals with the purpose to further develop SEB's activities in line with the objectives of the Paris agreement. The Transition Ratio is described on p. 46.

The most valuable outcome of the assessments so far has been the insight the process has provided into the challenges and opportunities our customers face when transforming their operations. This has enabled SEB's client executives to engage in constructive dialogues with customers about their transition plans and to support them with advisory services and financing.

Classification of customers will continue in 2022, and the long-term ambition is to expand the CSC model to cover a broader sustainability spectrum than climate, such as for example biodiversity and water.

Governance and management of climate-related risks

SEB's climate risk governance is an integrated part of the sustainability governance framework. Climate risk management focuses on both physical and transition risks.

Governance of climate-related risks

Climate-related sector policies

SEB has adopted sector policies as sub-policies to the thematic Environmental Policy, which is part of the overall sustainability policy framework. These sector policies have been developed to ensure that lending and investment decisions contribute toward fulfilling SEB's overall sustainability ambitions. The policies clarify SEB's expectations and restrictions for providing financial services to, and making investments in, companies involved in certain activities. As stated in the General Credit Policy, all lending should be in line with the sustainability sector policies.

In order to emphasise SEB's commitment to the Paris Agreement, one of the principles in the bank's Customer Acceptance Standards (CAS) states that "customers in industries with a high negative climate impact and without a credible plan to manage the transition to a low-carbon economy shall be avoided." SEB's CAS are described on p. 89.

During 2021 SEB continued to develop and strengthen its climate-related policy framework by sharpening its sector policy for companies with activities in fossil fuels and introducing a new sector policy for companies with activities in mining and metals. These policies are based on operational guidance on sustainable practices for certain industries, provided by the Paris Agreement and the EU Taxonomy.

In general, SEB expects customers and portfolio companies in these sectors to develop transition plans in line with the Paris Agreement and have public or non-public policies reflecting those plans.

The bank also defines risk strategies and portfolio caps for certain sub-portfolios, which are reviewed on an annual basis.

SEB's sector policy on fossil fuels strengthened in 2021

SEB's sector policy on fossil fuels is deemed to be the most important policy from a climate perspective.

SEB has long-term relationships with corporate customers that have fossil fuel-related activities such as coal-fired power generation and oil and gas exploration and production. This customer base is largely a reflection of the national energy and industry mixes in SEB's home markets (the Nordic countries, the Baltic countries, Germany, and the United Kingdom).

However, the extraction and burning of these fuels must be gradually reduced and replaced as part of a transition to a low carbon society. SEB has therefore adopted a strategy for customers in this sector, which involves a gradual shift away from companies without a credible transition plan aligned with the Paris Agreement.

Managing and reducing thermal coal exposure

SEB's policy since many years is to not provide dedicated financing to thermal coal mines. The bank also avoids entering into new business relationships with companies that operate thermal coal mines or have major business in coal-fired power generation (CFPP). With respect to existing customers SEB does not finance new projects or capacity expansion related to thermal coal extraction, greenfield and brownfield mine expansion, related infrastructure projects and new CFPPs, including lifetime extensions and capacity increases of existing plants.

In general, providing financing to or investing in existing customers with a material share of revenues from coal mining and coal-fired power generation is avoided. By 2025, SEB will have exited current customers with more than 5 per cent of revenues from thermal coal mining or coal-fired power generation. There is a time-limited exception for Germany, where the phase-out will be completed by 2038 in line with the German Coal Phase-out Act.

Managing and reducing oil & gas exposure

In 2019 SEB defined a risk appetite in absolute terms for credit exposure to the exploration and production of oil & gas and oilfield services segments. The risk appetite is revised downwards on an annual basis. In 2020 the bank also put in place an exit strategy for the offshore segment.

The bank's credit portfolio of oil & gas upstream-related activities is comprised of exploration and production (70 per cent), oilfield services (17 per cent) and offshore (13 per cent), and amounts in total to SEK 53bn.

SEB will not provide financing for or invest in projects and assets related to environmentally sensitive areas (such as the Arctic), and unconventional oil and gas (such as oil sands and fracking). In addition, the bank will not enter into new business relationships with companies that have more than 5 per cent of revenues from activates in these areas. Current business relationships with such companies will be phased out by 2030.

During the transition period, SEB aims to only work with oil companies that have the lowest scope 1 and scope 2 emissions and to primarily engage with existing core customers in home markets.

Implementation of sector policies to clarify expectations

SEB uses three different implementation levels in its sector polices to clarify expectations and requirements for providing financial services to and making investments in companies.

Implementation level	Description	Example
Expectations	Non-adherence to SEB's expectations requires actions that over time will ensure adherence. This triggers dialogue with customers about their plans and commitments.	SEB expects customers and portfolio companies to develop a Paris-aligned transition plan for scope 1, 2 and 3 GHG emissions including relevant targets.
Requirements	Non-compliance requires active decisions on SEB's engagement by a relevant committee.	SEB requires shipping companies to comply with the applicable Energy Efficiency Index (EEXI or EEDI) and Carbon Intensity Indicator (CII) when applicable.
Restrictions	SEB restricts financial services to companies in breach of certain criteria.	SEB will not provide new dedicated financing to coal mines or coal-fired power plants.

Customers are screened against the sector policies with respect to the exposure and/or size of the customer and potential sustainability risks.

→ See p. 57 for more information on sector policies and our sustainability policy framework.

Management of climate-related risks

Two climate-specific risk factors are considered in risk management: physical risks and transition risks.

Physical risks arise from acute weather events, such as floods, droughts, wildfires, and storms, as well as from chronic climate changes, such as sea-level rises and changed temperature patterns. These climate changes may lead to, for example, property damage or supply chain disruptions. Financially, this can negatively impact customers' profitability, cash flow, and asset values. In Europe, physical risks are unevenly distributed, with northern regions being more prone to flooding while southern regions are more exposed to heat stress and wildfires.

Main categories of physical risks

Risk driver	Potential impact	Horizon
Acute weather events (mainly flood related in northern Europe)	Lower collateral valuations in real estate portfolios in areas with increased flood risk. Increased default risk for companies with operating facilities in areas with elevated flood risk.	● ● ●
Changes in chronic weather patterns	Lower collateral valuations in real estate portfolios along low-elevation coastal areas. Increased default risk for companies with global supply chains.	●

● Short term < 3years ● Medium term 3-10 years ● Long term > 10 years

To mitigate physical climate risks, a transition to a low-carbon society is necessary. For our customers, the transition itself can also be a risk. Transition risk materialises through events such as changes in policies and regulations or new disruptive technologies. It can also take the form of changes in market sentiment. Depending on the nature, speed and focus of these changes, transition risks may, just like physical climate risks, pressure business models, earnings potential, and asset values.

Main categories of transition risks

Risk driver	Potential impact	Horizon
Policy and regulation	Surge in carbon price affecting the repayment capacity for companies in carbon-intensive sectors.	● ●
Technology	Rapid breakthrough in low-carbon technologies leading to stranding of fossil-related assets and thereby impacting both collateral values and default risks for companies in relevant sectors (e.g. energy, transportation, metals and mining, and manufacturing).	● ●
Market	Change in consumer preferences to low-carbon alternatives affecting business models (e.g. less air travel, less meat and dairy, energy-efficient housing, energy-efficient appliances).	● ●
Reputation and litigation	Increasing litigation against companies with certain environmental issues, culminating in increased costs and reputational damage affecting access to capital and thereby default risk.	● ● ●

● Short term < 3years ● Medium term 3-10 years ● Long term > 10 years

Climate-related risks are integrated in existing risk frameworks

SEB does not view climate-related risks as a separate risk category, but as a risk factor that drives existing risk types such as credit, market, and non-financial risk. There is an ongoing initiative to integrate climate-related risks into existing risk frameworks starting with credit risk.

	Transition risk	Physical risk
Credit risk	Energy efficiency standards may trigger substantial adaptation costs and lower corporate profitability, which may lead to a higher probability of default as well as lower collateral values.	Default risk and collateral values may be impacted within sectors or geographies vulnerable to physical risk, e.g. due to elevated flood risk.
Market risk	Transition risk drivers, e.g. carbon tax, may cause repricing of securities and derivatives for products associated with high carbon content.	Severe physical events may lead to sudden repricing and higher volatility in some markets.
Liquidity risk	An abrupt repricing of securities, due to asset stranding, may reduce the value of banks' high-quality liquid assets, thereby affecting liquidity buffers.	Liquidity risk may be affected if customers (e.g. insurance companies and financial institutions) withdraw large amounts of money due to extreme weather-related events
Non-financial risk	Changing consumer sentiment regarding climate issues may lead to reputation and liability risks for the bank. Reputational risk primarily relates to financing or investing in customers with a material climate impact.	The bank's operations may be disrupted due to physical damage to its property, branches and data centres as a result of extreme weather events.

Considering transition risk in the credit process

Industry transformation as well as sustainability-related risks have always been part of our credit analysis of corporate customers as well as an important factor in the credit approval process. In 2021 we further sharpened our focus on climate-related transition risks in the credit analysis. ESG specialists worked together with credit analysts to refine the methodology and to develop sector-specific guidance on the most material issues that need to be assessed for customers in sectors with material climate impact.

The focus of the transition risk analysis is our customers' awareness, readiness, and ability to manage the challenges they face. Do they understand the magnitude of these challenges and do they have credible transition plans aligned with their overall strategic goals? Have they taken tangible action to manage the challenges, such as securing funding for investments in research and development and in technology? Finally, the financial impact of these considerations is estimated and translated into a potential impact on the risk class the bank has assigned to the customer. Special attention is paid to capital expenditure needs over the next 7 to 10 years, repayment capacity, and refinancing risks. The integration of climate-related risks in credit analysis is continuously evaluated and will be expanded to more sectors going forward.

A requirement was introduced during 2021 to include an explicit transition risk analysis in the credit analysis of selected corporate customers, specifically in sectors with material climate impact. The analysis is part of the annual review of these customers, which means that it is evaluated by the relevant credit committee and documented as part of the credit decision. At year-end 2021 the bank had completed transition risk analyses of customers with a combined credit exposure of approximately SEK 185bn.

In addition to analyses of individual companies, SEB also performs portfolio reviews of sectors facing particularly large climate-related challenges such as automotive and power generation. These reviews are presented to the Group Risk Committee and the Board's Risk and Capital Committee, where sector-specific business strategies and risk appetite levels are defined.

Climate scenario analyses in 2021

Measuring financial risks from climate change is complex. It involves assessing the combined impact of physical and transition risks under multiple climate scenarios. The time perspective for climate-related risks is also much longer than in traditional credit analysis, which typically covers one to five years.

In 2021 SEB continued to expand its methodologies and tools for assessing climate-related risks under various climate scenarios. The transition risk pilot project for the oil & gas sector in 2020 was expanded to the power generation portfolio. An analysis of physical risks in Swedish residential mortgages was conducted during 2021 as a pilot project.

Scenario – physical climate risks in Swedish residential mortgages

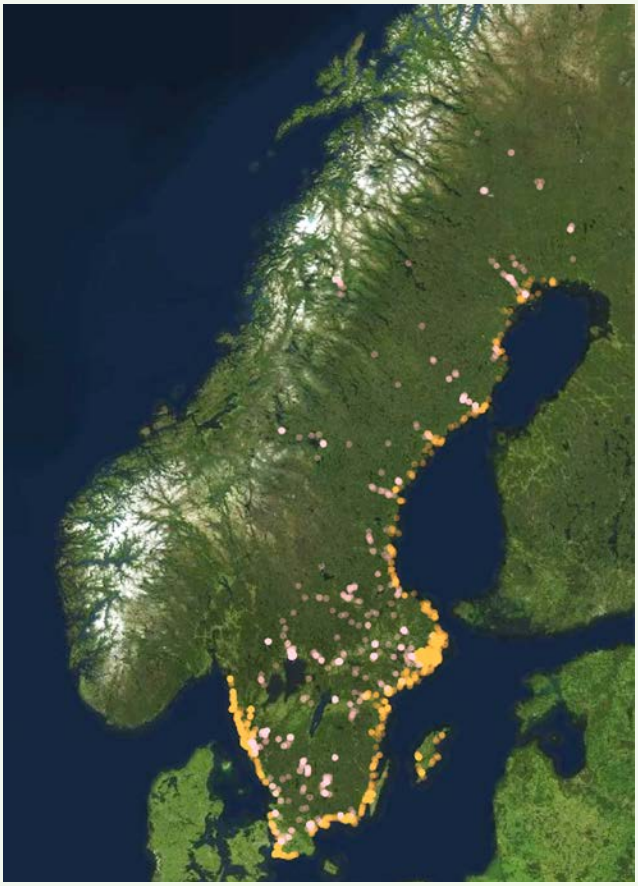
Physical climate risks vary greatly across geographical locations and types of hazards. In general, physical risks stemming from climate change are lower in Sweden compared to the European and global average. Flooding and rising sea levels are considered to be the most predominant sources of physical climate risk in northern Europe, not least in Sweden with its 3,000 km coastline. The coastal areas in southern Sweden are more exposed than the rest of the country, since in the northern part of Sweden, the postglacial land uplift counteracts most of the sea level rise.

In 2021 a record-high rain fall caused severe flooding in Gävleborg and Dalarna counties in central Sweden. Such flooding may become more frequent in specific regions if global climate mitigating actions are insufficient. The flooding in 2021 did not cause any substantial impact on SEB's asset quality; however, more frequent flooding could lead to falling property prices as a result of reduced demand or direct damage to pledged collateral. It could also lead to higher insurance costs as premiums are repriced annually, or exclusion of flood damage from general policy coverage. To better understand the potential impact of such events, SEB conducted a physical climate risk pilot project during 2021.

Portfolio scope and method

The key concept of the physical risk pilot is to match the location of properties SEB has financed with areas at risk of flooding and/or sea level rise in order to assess SEB's exposure at risk and the potential financial impact. Flood and sea level rise maps from the Swedish Civil Contingencies Agency (MSB) have been used in the analysis. These maps show areas along lakes and watercourses that would be submerged in a flood that statistically occurs once every 100–200 years, adjusted for future climate change, and coastal areas that will be submerged due to rising sea level. A conservative assumption of a two-metre sea level rise was used in the pilot, although such increase is deemed unlikely within the next century, even in a future with intensive fossil fuel use. A price decrease of at least 20 per cent of property values is assumed for flooded areas.

SEB's household mortgage portfolio amounted to SEK 594bn at year-end. Around 10 per cent of the total portfolio is located within 500 metres of the coast, indicating increased risk for both flood risk and sea level rise. However, the vast majority of coastal housing in Sweden is situated more than two metres above sea level.



Highlighted areas show where collateral is at risk of being flooded in Sweden.

Results and conclusions

The total gross exposure at risk of being flooded is estimated to SEK 6.3bn (approximately 1 per cent of the Swedish mortgage portfolio). The gross risk exposure is extensively mitigated by insurance policies and other mitigating actions undertaken by municipalities, for example flood protection infrastructure. The financial impact for SEB is therefore deemed very limited.

Next step

We will continue to develop the methodology going forward, and the physical risk pilot will be extended to other regions and portfolios.

Scenario – transition risk in the power generation portfolio

SEB has developed a methodology to integrate science-based climate scenarios with more traditional credit risk measurement approaches. The methodology was piloted on the oil & gas sector in 2020 and was expanded to the power generation (electricity and heat) sector in 2021.

Methodology overview

SEB's transition risk methodology is predominantly based on a bottom-up assessment to capture the fact that transition risk will affect individual counterparties differently, even within the same industry. The counterparty-specific results are then extrapolated to portfolio level. The assessment does not take into consideration any counterparty-specific transition plans, but assesses the transition risks based on status quo operations.

The specific power generation methodology is centered on carbon price, the generation mix of the utilities, and the overall generation mix in the respective electricity markets. As the electricity price is set at the cost of the marginal producer, a carbon price increase would ultimately lead to a higher electricity price.

Climate scenarios

The climate scenario used for assessment of transition risk has been updated to the latest suite of climate scenarios from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), published in 2021. SEB has also developed customised short-term scenarios to assess a potential disorderly transition. The main scenario used in the pilot study was a sharp and unexpected increase in the EU carbon price up to EUR 150/tonnes CO_2.

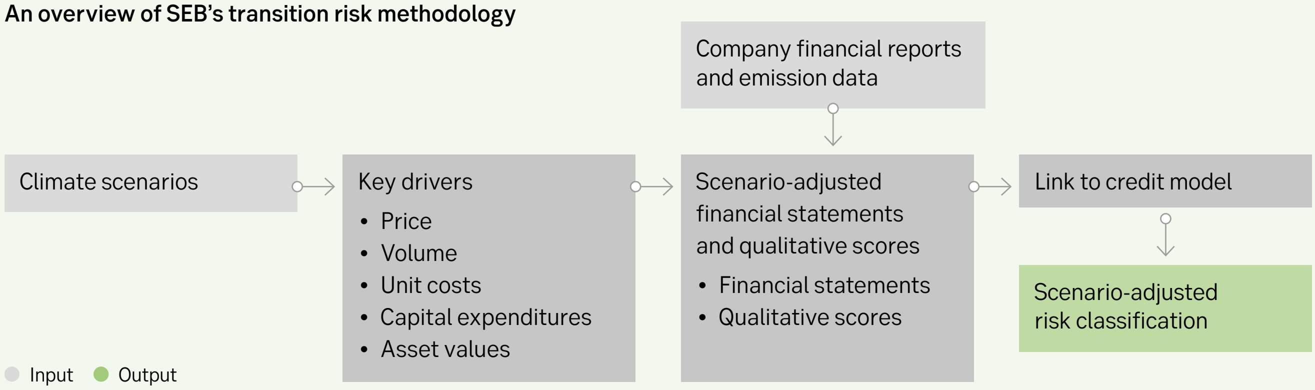
Results and conclusions

SEB's credit exposure to the power generation sector amounted to SEK 139bn at year-end. Around 20 per cent of this exposure is related to fossil-based energy production and energy-from-waste.

The creditworthiness of energy utilities is generally high, with predicable cash-flows and high barriers to entry. An increase in carbon price would impact the unit costs of utilities proportionally to the carbon content of their generation mix. In the climate scenario, utilities with a high carbon intensity (such as coal and oil-based generation) would experience negatively affected cash-flows and repayment capacity. As SEB's credit exposure to utilities with principal cash-flows from coal/oil-based generation assets is very limited, the short-term credit risk impact would also be limited for SEB's portfolio under the selected scenario.

The analysis focuses mainly on the short-term impact of a carbon price shock and, as such, assumes that the system's generation mix was held constant. In the medium- and long-term, the overall generation mix is expected to transform towards low-carbon technologies as the amplified carbon price creates strong incentives for renewable expansion. The longer-term balance sheet effects in this scenario is heavily reliant on assumptions for capital expenditures and impairments of legacy generation assets. The pilot project also included more advanced long-term simulations for a few chosen deep-dive cases. The results of these deep-dives indicate that a sharp increase in carbon price will lead to marginally deteriorating credit quality over the long-run, with limited credit losses for the bank.

An overview of SEB's transition risk methodology



Climate stance in investment management

SEB Investment Management (the fund company) has SEK 831bn of assets under management in SEB-labelled mutual funds and aims to reduce climate-related risks and enable a transition to sustainable and low-carbon fund management solutions.

In 2020 a strengthened Sustainability Policy was adopted by the fund company's board of directors. The policy was implemented in 2021 along with a statement outlining the fund company's strategy to contribute to accelerating decarbonisation of the global economy while upholding its primary fiduciary duty of delivering positive long-term risk-adjusted returns. The fund company aims to align investments with the Paris Agreement, but aims to reach net zero greenhouse gas emissions already by 2040. In addition, the aim is to reorient capital flows to climate solutions, climate-resilient and transitionary business models, and to exit investments in activities that contribute negatively to climate change. Through active ownership and dialogue the fund company shall promote climate resilience in business models. The fund company is a member of the Net Zero Asset Manager Initiative.

Managing indirect climate impact in investments

Engagement and exclusion

In line with the updated sustainability policy, the fund company has a strict approach to fossil fuels. All funds exclude companies that extract or process fossil fuels, including unconventional fossil fuels, such as oil sands and deep-sea drilling in particularly sensitive areas. Similar restrictions apply for power generation and distribution of fossil fuels. Exceptions can be made for companies that have clear targets and credible transition plans in line with the Paris Agreement.

Direct engagement with companies on their work to limit climate change is an important tool for SEB Investment Management. Through engagement, the fund company can accelerate change and support companies to include climate-related strategies and practices in their business models. This is done either directly with companies or through investor collaboration.

The fund company has been involved in dialogues with the world's largest greenhouse gas emitting companies through IIGCC Climate Action 100+. See p. 51.

Measuring the carbon footprint of funds

Carbon footprint is one method to measure climate-related risk in funds. In 2014 SEB Investment Management started to measure carbon footprint for some of the equity funds. At that time quality and quantity of data was limited. Since then data quality, methods and tools have been significantly developed. Although more companies are reporting climate-related data today, there are still limitations in what is included in the calculations and carbon footprint metrics still provide little insight into potential future exposure.

From 2021 we use ISS ESG's tool Sustainable Development Scenario (SDS). The scenario is based on World Energy Model and builds on the total remaining global carbon budget according to the International Energy Agency (IEA) distributed across industries and companies. The scenario charts a path fully aligned with the Paris Agreement: to keep the global temperatures rise to well below 2 degrees Celsius and pursuing efforts to limit it to 1.5 degrees Celsius and meets objectives related to universal energy access and cleaner air.

In 2021 an analysis was made based on 93 per cent of SEB Investment Management's equity and corporate bond funds investments. The output from the ISS Sustainable Development Scenario, as per 31 December 2021, indicates that the holdings in this scenario represented a temperature rise of 1.7 degrees Celsius, which is in line with the Paris Agreement. Our commitment and target is net-zero greenhouse gas emissions in 2040 at the latest. The measurement shows the carbon exposure at a fixed point in time, but provide little insight into the potential future exposure.

→ See SEB Investment Management Sustainability and Active Ownership Report 2021 at sebgroup.com

About the Sustainability Report

The Sustainability Report covers the SEB Group, i.e. the parent company Skandinaviska Enskilda Banken AB (publ) and its subsidiaries. SEB reports in accordance with the Swedish Annual Accounts Act and the Global Reporting Initiative, GRI Standards, core option. The report is aligned with the TCFD (Task Force on Climate-related Financial Disclosures) and UNEP FI Principles for Responsible Banking. Areas covered include climate and environment, human rights, labour rights and social relations, and anti-corruption. The diversity policy applied for the Board is described in the Corporate Governance Report (see p. 94). SEB has published a sustainability report since 2007. This report covers the fiscal year 2021. The previous report was published in March 2021. No significant changes have been made in the scope and boundaries. SEB's auditor EY has expressed an opinion that a statutory sustainability report has been prepared according to the Swedish Annual Accounts Act, and has performed a limited review of the sustainability report according to GRI Standards, core option. Contact: Chief Sustainability Officer, Hans Beyer, tel: +46 771 62 10 00, sebgroup.com.

Board of Directors

Stockholm, 21 February 2022

Skandinaviska Enskilda Banken AB (publ)
Corporate registration number 502032-9081

Report of the Directors

CONTENTS

Financial review of the group

SEB's operating profit improved significantly compared with the challenging pandemic year of 2020, in line with the global economic recovery, rising stock markets and an improved sentiment. Return on equity reached 13.9 per cent. The bank's financial position is strong with a Common Equity Tier 1 capital ratio of 19.7 per cent and the Board of Directors proposes a dividend of SEK 6.00 per share.

Result and profitability

Profit before credit losses increased by 16 per cent to SEK 31,368m (26,970). *Operating profit before items affecting comparability* increased to SEK 30,864m (20,846). *Operating profit* amounted to SEK 30,864m (19,846) and *net profit* reached SEK 25,423m (15,746).

Operating income

Total operating income increased by SEK 4,897m, 10 per cent, and amounted to SEK 54,614m (49,717).

Net interest income amounted to SEK 26,321m, which represented an increase of 5 per cent compared with 2020 (25,143). Net interest income includes regulatory fees where resolution and deposit guarantee fees increased to SEK 1,364m in total (1,248).

SEK m	**2021**	2020	Change, %
Customer-driven net interest income	26,029	27,585	−6
Net interest income from other activities	292	−2,442	
Net interest income	**26,321**	**25,143**	**5**

Customer-driven net interest income mainly reflects the net interest income derived from loans to and deposits from the public. Customer-driven net interest income decreased by SEK 1,556m compared with 2020. Higher margins on lending compensated for a net interest income decrease related to lower, mainly corporate, average lending volumes. Net interest income on deposits decreased significantly and this was mainly an internal transfer pricing effect. Customer deposit volumes increased with a partial positive effect on customer-driven net interest income.

Net interest income from other activities includes funding and other Treasury activities as well as trading. This net interest income improved by SEK 2,734m compared with 2020. Internal transfer pricing effects was the main reason for the increase. During the year maturing market funding was not replaced as the bank experienced strong inflow of deposits. This lowered interest expense. The Markets trading operations' contribution to net interest income was higher than the previous year.

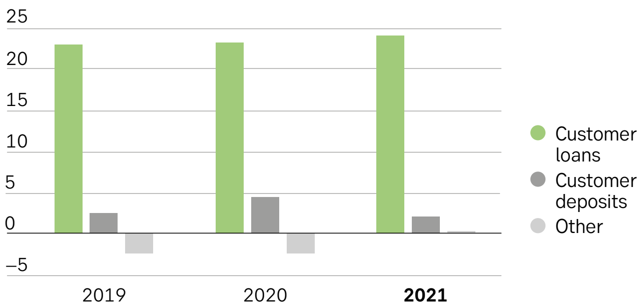
Net fee and commission income increased by 17 per cent compared with 2020 and amounted to SEK 21,142m (18,063). 2021 was characterised by higher transaction volumes, increasing asset values and gradual recovery within the card operations.

The rebound of the equity and debt capital markets compared with 2020 had a positive effect. Corporate customers increasingly sought advisory services with regard to corporate transactions such as mergers and acquisitions or bond issues, which increased income from the issue of securities and advisory services by 76 per cent to SEK 1,954m. Gross lending fees increased by SEK 196m to SEK 3,200m.

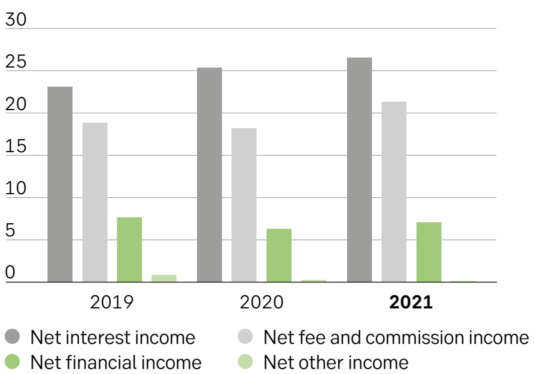
Also reflecting the gradual reversal from the pandemic, equity markets developed positively compared to 2020. The gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 1,455m to SEK 9,328m year-on-year. Performance fees amounted to SEK 675m, an increase of 122 percent compared with 2020.

The negative 2020 Covid-19 impact on payment and card fees gradually reversed in 2021 as customer activity and consumption rebounded. Net payment and card fees amounted to SEK 3,512m which represented an increase of 7 per cent year-on-year.

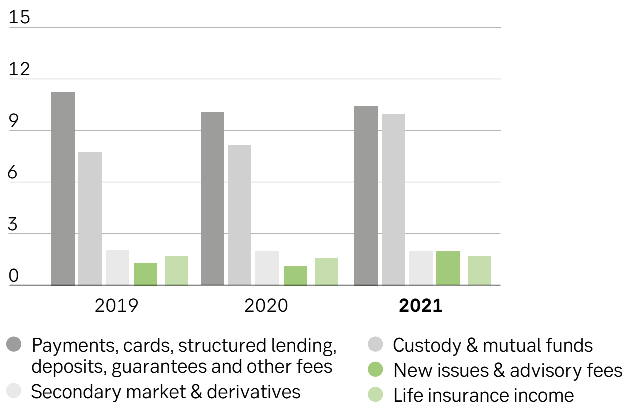
Net interest income SEK bn



Operating income SEK bn



Fee and commission income, gross SEK bn



In addition, the equity markets development was reflected in the net life insurance commissions in the unit-linked insurance business that increased to SEK 1,207m (1,084).

Net financial income increased to SEK 6,992m year-on-year (6,275). During the year the financial markets normalised from the Covid-19 effect in 2020 that led to volatility in asset prices and credit spreads.

As the financial markets were less volatile than in 2020, customers' need for risk management services was lower which led to a decrease in the related net financial income.

The change in market value of certain strategic holdings increased net financial income by SEK 557m, an increase of SEK 246m compared with 2020. There was a SEK 514m valuation gain relating to an agreement with Visa Inc. for the acquisition of SEB's shares in the fintech company Tink.

The fair value credit adjustment (defined as unrealised valuation change from counterparty risk (CVA) and own credit risk standing in derivatives (DVA)) amounted to SEK 300m as credit spreads continued to tighten leading to an improvement of SEK 511m compared with 2020.

Net financial income within the Life division primarily related to the traditional life portfolios in Sweden improved by SEK 384m year-on-year.

Net other income amounted to SEK 159m (236). Realised capital gains as well as unrealised valuation and hedge accounting effects were included in this line item.

Operating expenses

Total operating expenses increased by 2 per cent year-on-year and amounted to SEK 23,245m (22,747). The cost/income ratio improved from 0.46 to 0.43.

Staff costs increased by 3 per cent mainly due to increased salary expenses and social costs for long-term incentive programmes which increased in line with the appreciation of the SEB share price. Reduced travel and fewer events in the wake of Covid-19 among other things decreased other expenses by 2 per cent. Supervisory fees amounted to SEK 170m (141).

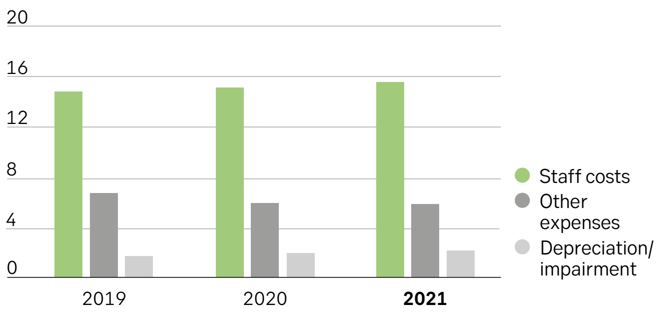
2021 was the last year in the business plan for 2019–2021. Our strategic initiatives have developed broadly in line with plan and will serve as a foundation for SEB's activities going forward. The new cost target, relating to the business plan for 2022–2024, is commented upon on p. 23.

Net expected credit losses

Net expected credit losses amounted to SEK 510m (6,118), corresponding to a net expected credit loss level of 2 basis points (26). The asset quality of the credit portfolio continued to be strong. Model overlays were made in 2020 for the oil portfolio in the Large Corporates & Financial Institutions division and for potential negative Covid-19 effects in the Corporate & Private Customers and Baltic divisions. These were maintained during the year on the back of continued uncertainty around the pandemic development. A fourth wave of the coronavirus escalated towards the end of the year in many countries resulting in renewed restrictions and a prolongation or reintroduction of various government support measures which may delay potential negative effects on asset quality.

→ See further comments on credit risk on p. 87 and notes 12 and 18.

Operating expenses SEK bn



Important events and trends in 2021

First quarter
- SEB's expansion plans for the Netherlands, Austria and Switzerland were announced.
- The establishment of a new division, Private Wealth Management & Family Office, was decided.
- A strategic, long-term partnership to accelerate the bank's digitisation journey was entered with Google Cloud.
- SEB joined the Net-Zero Banking Alliance and signed the Net Zero Asset Managers Initiative.

Second quarter
- Corporate customers were more active within SEB's Investment Banking business with equity capital market activity reaching historical highs.
- The continued reopening of society had a positive impact on SEB's private card business, with card turnover back at pre-pandemic levels, while the corporate card turnover remained muted.
- SEB Venture Capital signed an agreement to sell its shares in the Swedish fintech company Tink, resulting in a positive valuation effect of SEK 0.5bn.

Third quarter
- High activity level among large corporate customers.
- SEB's innovation studio SEBx launched its first product publicly – UNQUO – targeting the growing group of "solopreneurs", i.e. self-employed business owners.

Fourth quarter
- The Swedish FSA lifted its restrictive recommendation for Swedish banks' repatriation of capital. SEB's Board of Directors decided to initiate a SEK 2.5bn share buyback program and proposed a further ordinary dividend.
- A new sustainability strategy was set, outlining SEB's role in the transition towards a sustainable society and setting new ambitions and goals within the climate area.
- The Swedish government introduced a risk tax for nine banks and credit institutions from 2022. For SEB, which has argued that the tax distorts the competitive landscape, this results in an extra levy of SEK 1.0bn, net, in 2022 and about SEK 1.2bn a year thereafter.
- The three-year business plan 2019–2021 closed and a new strategy, a three-year business plan and a new cost target were established.

Items affecting comparability

There were no *items affecting comparability* in 2021, but in 2020 an item affecting comparability was reported.

→ See note 13.

Income tax expense

Income tax expense rose to SEK 5,441m (4,100) with an effective tax rate of 17.6 per cent (20.7). A number of factors affected the effective tax rate, namely the lower corporate tax rate in Sweden and certain tax-exempt gains.

→ See p. 54 for SEB's approach to tax and note 15.

Return on equity

Return on equity for 2021 improved to 13.9 per cent (9.7). Return on equity excluding items affecting comparability was 13.9 per cent (10.3). Other comprehensive income was high and increased shareholders' equity. All else equal return on equity was thereby lower.

Other comprehensive income

Other comprehensive income amounted to SEK 14,783m (637). The value of SEB's pension plan assets exceeded the defined benefit obligations to the employees. The net value of the defined benefit pension plans increased which affected other comprehensive income by SEK 14,061m (1,839).

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash flow hedges and translation of foreign operations amounted to SEK 708m (–1,132).

SEB's sustainability report

SEB's sustainability work is described on p. 42–69 and 208–233. The statutory sustainability report prepared in accordance with the Annual Accounts Act is presented on p. 42–69.

Regulatory supervision of SEB

Regulatory supervision is a part of every-day banking operations. SEB's main supervisor is the Swedish FSA, but SEB continuously has numerous ongoing supervisory activities in all the countries where the bank operates. Far from all reviews are formally categorised as inspections, but nevertheless require significant resources to ensure timely responses with high quality. In 2021, there were around 54 supervisory reviews handled by SEB in Sweden, and some 47 were concluded. In the past few years, authorities have had anti-money laundering matters as a focus area, but all banking processes are subject to supervision.

Long-term financial targets

With the purpose of increasing capital management flexibility, the Board of Directors' long-term financial targets are:

- to pay a yearly dividend that is around 50 per cent of the earnings per share, excluding items affecting comparability, and distribute potential capital in excess of the targeted capital position mainly through share buybacks,
- to maintain a Common Equity Tier 1 capital ratio of 100–300 basis points above the requirement from the Swedish Financial Supervisory Authority (FSA), and
- to generate a return on equity that is competitive with peers.

CET 1 ratio target

The targeted buffer of 100–300 basis points offers SEB more flexibility to manage its capital position and to grow its business.

Dividend target and share buybacks

The use of a combination of annual dividends and share buybacks is intended to provide the benefit of increased financial flexibility.

Share buybacks will be used for distributing excess capital. It will be considered when SEB's capital buffer exceeds, and is projected to remain above, the targeted range based on a forward- looking assessment. Since share buybacks are conducted over time, SEB retains the flexibility to adjust the amounts, based on the current or projected financial position.

Return on equity target

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

Cost target

The aim is to create shareholder value – by accelerating income growth, driving earnings per share growth, increasing profitability and future-proofing the business. This will be achieved by capitalising on SEB's position of strength and by further investing into the business, as outlined in the business plan for 2022–2024. The plan entails growing business in a capital-efficient manner to reach the long-term financial targets. In the short-term, the cost target for 2022 is SEK 24.5bn, assuming 2021 FX-rates.

Financial aspirations for the divisions

The long-term divisional aspirations for profitability (RoBE) and cost efficiency (C/I-ratio) are set mainly based on two factors. Firstly, each division will have the ambition to achieve best-in-class profitability and cost efficiency compared to similar businesses among relevant peers. Secondly, each division's aspirations are set so that they enable SEB to achieve its long-term aspiration of 15 per cent return on equity on group level. These long-term aspirations are evaluated annually and the cost-income ratio target for Baltic was increased.

SEB is reorganising so that parts of the Corporate & Private Customers division formed the Private Wealth Management & Family Office division. The return on business equity and cost/income ratio aspirational targets were updated accordingly.

Division	Return on business equity	Cost/ income ratio
Large Corporates & Financial Institutions	>13%	<0.50
Corporate & Private Customers	>16%	<0.40
Private Wealth Management & Family Office	>25%	<0.50
Baltic	>20%	<0.40
Life	>30%	<0.45
Investment Management	>40%	<0.40

Financial structure

Total assets at 31 December 2021 increased by SEK 264bn to SEK 3,304bn (3,040).

Loans

Total loans to the public increased by SEK 76bn during the year and amounted to SEK 1,846bn (1,770).

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 237bn to SEK 2,828bn (2,591). The corporate credit portfolio increased by SEK 165bn, 13 per cent. The household credit portfolio (mortgage loans and other household credits) increased by SEK 44bn. The commercial and residential real estate management portfolios in total were unchanged.

Credit-impaired loans, gross (stage 3) decreased during the year by SEK 5,063m to SEK 9,827m (14,890). The gross credit-impaired loans (stage 3) were 0.53 per cent of total loans (0.87).

→ See note 18 and 40a.

Debt securities

Debt securities held for the purpose of serving customer risk management and trading needs as well as internal liquidity management on the balance sheet amounted to SEK 206bn (265). The debt securities volume decrease reflects the increasing volume of customer deposits. SEB is a market maker in certain debt securities. The short position (liability) in the debt securities amounted to SEK 20bn (20). SEB's credit risk exposure in this portfolio, which consists of debt securities, certain credit derivatives and futures, amounted to SEK 177bn (241).

→ See note 19, 30 and 40a.

Equity instruments

Equity instruments held for the purpose of customer risk management and trading needs as well as to facilitate the bank's role as a market maker amounted to SEK 121bn (82). The short position (liability) in equity instruments amounted to SEK 14bn (11).

→ See note 20 and 30.

Insurance assets and liabilities

Financial assets within the insurance operations amounted to SEK 462bn (363). Out of this, financial assets where policyholders carry the risk (mostly unit-linked insurance) amounted to SEK 424bn (331) and other assets (mostly traditional and risk insurance) amounted to an additional SEK 38bn (32).

Liabilities in the insurance operations amounted to SEK 459bn (362). Out of this, SEK 424bn (332) was related to financial commitments for investment contracts (mostly unit-linked insurance), while SEK 35bn (30) was related to insurance contracts (mostly traditional and risk insurance). The insurance liabilities are mainly covered by financial assets.

→ See note 28, 42 and 43.

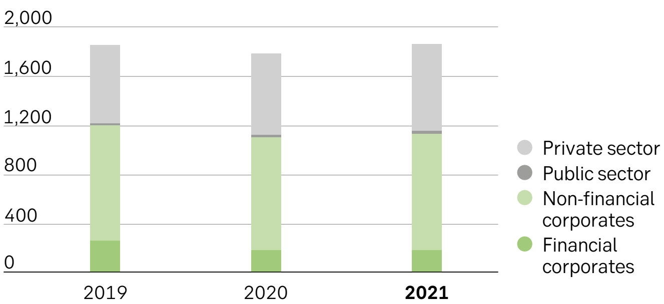
Derivatives

The fair value of the derivative contracts is presented as assets and liabilities on the balance sheet. They amounted to SEK 126bn (165) and SEK 118bn (162) respectively.

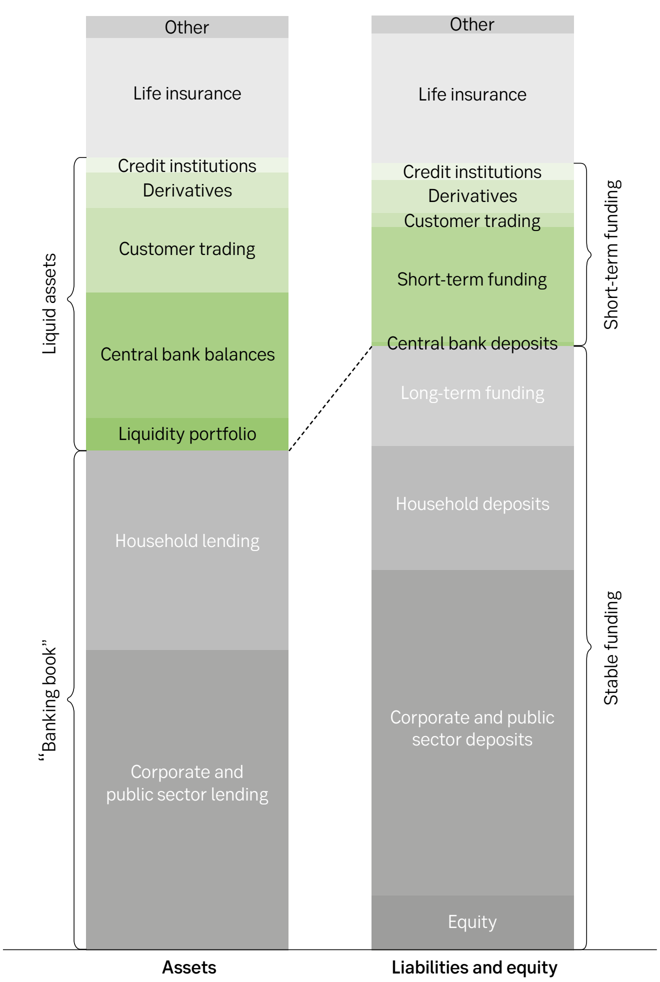
The mix and volumes of derivatives reflect the demand for derivatives by the bank's customers for their management of financial risks. The bank is a market maker for derivatives and also uses derivatives for the purpose of protecting its own cash flows and fair value of its financial assets and liabilities from for instance interest rate fluctuations.

→ See note 21.

Loans to the public SEK bn



Balance sheet structure 31 December 2021



The financing of the group consists of deposits from the public (households, corporates, etc.), borrowings from financial institutions as well as issuance of money market instruments, bonds, covered bonds and subordinated debt.

Deposits and borrowings

Deposits and borrowings from the public amounted to SEK 1,597bn (1,371). Household deposits increased by SEK 56bn while deposits from non-financial corporations increased by SEK 68bn during the year. Throughout 2021, both non-financial and financial corporations and households chose bank accounts as a safe investment alternative as quantitative easing measures continued to increase liquidity in the financial system.

Debt securities issued

Short-term funding, in the form of commercial paper and certificates of deposit, decreased by SEK 44bn during the year. Approximately SEK 146bn of long-term funding matured or was called during 2021 (consisting of SEK 79bn covered bonds and SEK 58bn senior debt). An AT1 bond (subordinated debt) in the amount of SEK 10bn was repurchased. As part of the bank's funding management, the bank issued SEK 75bn (consisting of SEK 41bn covered bonds, SEK 20bn senior debt, SEK 10bn senior non-preferred debt and SEK 5bn subordinated debt) during the year. Subordinated debt amounted to SEK 29bn.

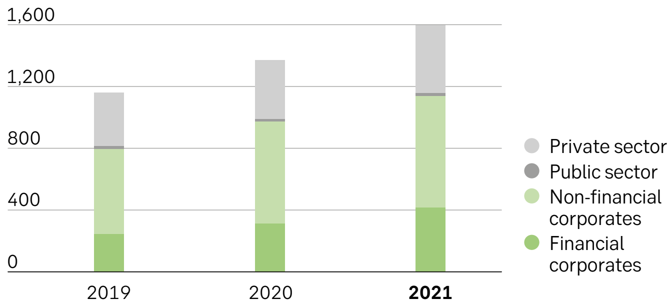
→ See p. 90 and note 40f for liquidity management information.

Assets under management and custody

Total *assets under management* amounted to SEK 2,682bn. The market value moved with the equity markets and increased by SEK 526bn. The net inflow of assets under management was SEK 50bn. Assets managed by the Investment Management division amounting to SEK 831bn are part of total assets under management.

Assets under custody amounted to SEK 21,847bn (12,022). The Nordic custody market changed during the year with one player exiting the business. SEB was able to assist customers and several new mandates were brought on. At the same time positive financial markets increased asset values.

Deposits from the public SEK bn



Assets under management SEK bn

	2021	2020	2019
Beginning of the year	**2,106**	**2,041**	**1,699**
Inflow	755	499	585
Outflow	–705	–512	–512
Change in value	526	78	269
End of the year	**2,682**	**2,106**	**2,041**

Number of outstanding shares 31 December 2021

	Share Class A	Share Class C	Total no. of shares
Total number of issued shares	**2,170,019,294**	**24,152,508**	**2,194,171,802**
Repurchased own shares for equity-based programmes[1]	–27,603,309	0	**–27,603,309**
Repurchased own shares for capital purposes[2]	–10,171,296	0	**–10,171,296**
Total number of outstanding shares	**2,132,244,689**	**24,152,508**	**2,156,397,197**

1) Utilisation of authorisation from the Annual General Meeting 2021 to acquire own shares for long-term equity programmes.
2) Utilisation of authorisation from the Annual General Meeting 2021 to acquire own shares for capital purposes.

Rating

Fitch rates SEB's long-term senior unsecured debt at AA–. The rating is based on SEB's low risk appetite, stable and well-executed strategy, and robust asset quality and capitalisation. The rating was affirmed in October 2021.

Moody's rates SEB's long-term senior unsecured debt at Aa3 based on the bank's strong asset quality and solid capitalisation which are expected to be resilient in the aftermath of Covid-19 induced economic disruption. While the bank has good underlying earnings generation, the corporate banking focus could add earnings cyclicality. The rating of the senior unsecured debt was downgraded to Aa3 from Aa2 in October 2021, following the Swedish National Debt Office's (the resolution authority) proposal to amend its rules on Minimum Requirements for Eligible Liabilities and Own Funds (MREL) which will result in most Swedish banks needing to issue lower levels of additional loss-absorbing debt.

S&P rates SEB's long-term senior unsecured debt at A+. The rating is based on the stable and low-risk operating environment in Sweden, the bank's stable and well-diversified revenue base and leading position among large Nordic corporates, robust capitalisation and resilient earnings, despite expected increasing pressure on revenues and asset quality in the economic environment. The rating was affirmed in May 2021.

Moody's		S&P global		Fitch	
Short[1]	Long[2]	Short[1]	Long[2]	Short[1]	Long[2]
P–1	Aaa	A–1+	AAA	F1+	AAA
P–2	Aa1	A–1	AA+	F1	AA+
P–3	Aa2	A–2	AA	F2	AA
	Aa3	A–3	AA–	F3	AA–
	A1		A+		A+
Outlook stable		Outlook stable		Outlook negative	

1) Short-term debt and commercial paper.
2) Long-term senior unsecured debt.

Total equity

Total equity at the opening of 2021 amounted to SEK 172bn. Total dividends paid out amounted to SEK 18bn. Net profit amounted to SEK 25bn and other comprehensive income increased equity by SEK 15bn. At year-end 2021, total equity was SEK 193bn.

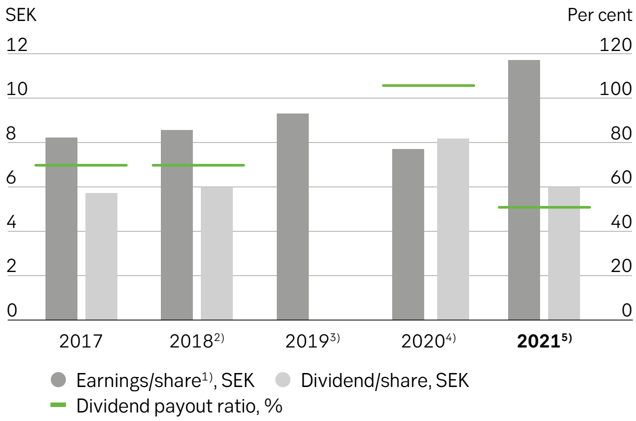
SEB's share capital amounts to SEK 21,942m distributed on 2,194 million shares. Each Class A share entitles the holder to one vote and each Class C share to 1/10 of a vote. The Board of Directors' share buyback programme of SEK 2.5bn was announced on 19 October 2021 to run between 21 October 2021 to 21 March 2022. At 31 December 2021, 10,171,296 shares had been bought back at a value of SEK 1.4bn.

Dividend

In 2021, the Swedish FSA lifted is recommendation to restrict distribution of capital. An ordinary dividend of SEK 4.10 per share and a further ordinary dividend of SEK 4.10 per share, were distributed to the shareholders in 2021. The dividends correspond to around 50 per cent of SEB's net profit for the financial years 2019 and 2020 combined.

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 6.00 per Class A and Class C share, which corresponds to 51.1 per cent of the 2021 net profit. The total dividend amounts to SEK 12.9bn calculated on the total number of issued

Earnings and dividend per share



1) Excluding items affecting comparability.
2) Excluding extraordinary dividend in 2018.
3) The 2019 dividend proposal was reverted and the AGM decided that no dividend would be paid out.
4) Including ordinary dividend of 4.10 per share and a further ordinary dividend of 4.10 per share.
5) A dividend of SEK 6.00 per share is proposed for 2021.

Key figures

	2021	2020	2019	2018	2017
Return on equity, %	13.9	9.7	13.7	16.3	11.7
Return on equity excluding items affecting comparability, %	13.9	10.3	13.8	13.4	12.9
Return on total assets, %	0.7	0.5	0.7	0.8	0.6
Return on risk exposure amount, %	3.4	2.1	2.7	3.7	2.6
Cost/income ratio	0.43	0.46	0.46	0.48	0.48
Basic earnings per share, SEK	11.75	7.28	9.33	10.69	7.47
Weighted average number of shares[1)], millions	2,164	2,163	2,162	2,164	2,168
Diluted earnings per share, SEK	11.67	7.23	9.28	10.63	7.44
Weighted average number of diluted shares[2)], millions	2,179	2,177	2,175	2,177	2,178
Net expected credit loss level[3)], %	0.02	0.26	0.10	0.06	0.05
Stage 3 loans/Total loans, gross, %	0.53	0.87	0.67	0.50	
Stage 3 loans/Total loans, net, %	0.22	0.44	0.36	0.30	
Liquidity Coverage Ratio (LCR)[4)], %	145	163	218	147	145
Net Stable Funding Ratio (NSFR)[5)], %	111				
Risk exposure amount, SEK m	787,490	725,560	745,637	716,498	610,819
Risk exposure amount, expressed as own funds requirement, SEK m	62,999	58,045	59,651	57,320	48,866
Common Equity Tier 1 capital ratio, %	19.7	21.0	17.6	17.6	19.4
Tier 1 capital ratio, %	21.4	22.7	20.8	19.7	21.6
Total capital ratio, %	23.1	25.1	23.3	22.2	24.2
Leverage ratio, %	5.0	5.1	5.1	5.1	5.2
Number of full time equivalents[6)]	15,551	15,335	14,939	14,751	14,946
Assets under custody, SEK bn	21,847	12,022	10,428	7,734	8,046
Assets under management, SEK bn	2,682	2,106	2,041	1,699	1,830

1) The number of issued shares was 2,194,171,802. SEB owned 32,211,451 Class A shares at year-end 2020. During 2021 SEB has purchased 2,909,266 shares for the long-term equity programmes and 7,517,408 shares have been sold/distributed. During 2021 SEB has purchased 10,171,296 shares for capital purposes. Thus, at 31 December 2021 SEB owned 37,774,605 Class A-shares with a market value of SEK 4,754m.
2) Calculated dilution based on the estimated economic value of the long-term incentive programmes.
3) 2018–2021: Net ECL level based on IFRS 9 expected loss model. 2017: Credit loss level based on IAS 39 incurred loss model.
4) 2018–2021: In accordance with the EU delegated act. 2017: According to Swedish FSA regulations for respective period.
5) In accordance with CRR2.
6) Average for the year.

→ For a five year summary of the Group's and the Parent bank's income statements and balance sheets, see p, 199–200.
→ For definitions, see p. 235.

shares as per 31 December 2021, excluding own shares held. If the AGM decides in accordance with the proposal, the proposed record date for the dividend is 24 March 2022 and dividend payments will be paid out on 29 March 2022. The SEB share will be traded ex-dividend on 23 March 2022.

Share value and stock exchange trading

The closing price at year-end of the SEB class A share was SEK 125.85 (84.50). Earnings per share amounted to SEK 11.75 (7.28). The SEB share is listed on Nasdaq Stockholm but is also traded on other exchanges such as Chicago Board of Exchange, London Stock Exchange, Turquoise among others.

Market capitalisation

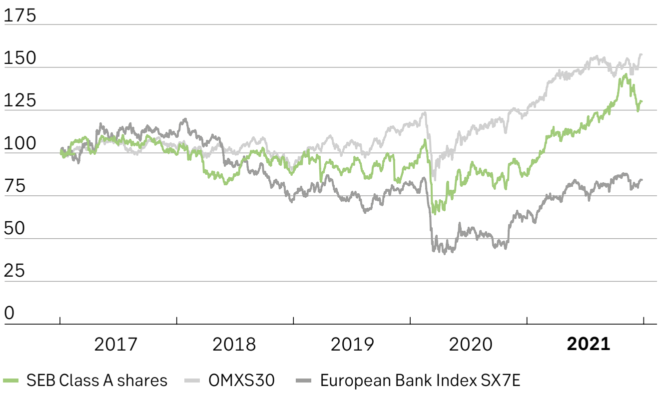
SEK m

	2021	2020	2019	2018	2017
Year-end market capitalisation[1]	276,266	185,485	193,345	188,925	211,293
Turnover[2]	99,952	121,000	106,915	128,241	123,889

1) Based on Nasdaq Stockholm share price of SEK 125.85 for Class A-shares and SEK 131.20 for Class C-shares.
2) Shares traded at Nasdaq Stockholm.

Share price development SEB Class A share

Index 1 January 2017=100



Data per share

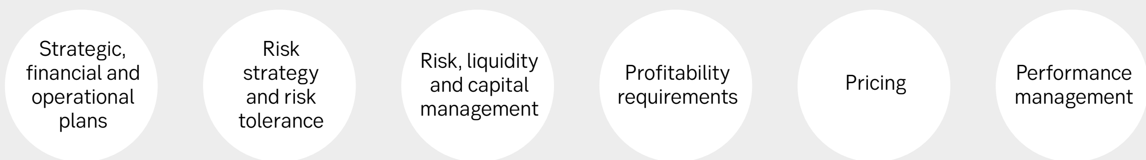
	2021	2020	2019	2018	2017
Basic earnings, SEK	11.75	7.28	9.33	10.69	7.47
Diluted earnings, SEK	11.67	7.23	9.28	10.63	7.44
Shareholders' equity, SEK	89.61	79.53	71.99	68.76	65.18
Net worth, SEK	98.00	85.99	78.42	74.74	73.60
Net expected credit losses[1], SEK	0.24	2.83	1.06	0.54	0.37
Dividend per A and C share, SEK	6.00[2]	8.20[3]	0.00[4]	6.50[5]	5.75
Year-end share price[6]					
per Class A share, SEK	125.85	84.50	88.08	86.10	96.30
per Class C share, SEK	131.20	87.70	91.50	86.40	96.05
Highest price paid[6]					
per Class A share, SEK	141.85	104.90	99.38	102.70	109.00
per Class C share, SEK	155.00	112.00	102.20	103.60	109.90
Lowest price paid[6]					
per Class A share, SEK	83.80	59.80	78.88	79.16	94.05
per Class C share, SEK	87.00	69.50	81.70	80.50	95.15
Payout ratio (dividend as a percentage of earnings), %	51.1	112.6[3]	0.0[4]	60.8	77.0
Payout ratio, excluding items affecting comparability %	51.1	105.9[3]	-[4]	69.8[7]	69.7
Dividend yield, %	4.8	9.7[3]	0.0[4]	7.5	6.0
P/E (share price at year end/earnings)	10.7	11.6	9.4	8.1	12.9
Number of outstanding shares, million					
average	2,164.1	2,163.1	2,161.7	2,164.4	2,167.6
at year-end	2,156.4	2,162.0	2,162.7	2,163.9	2,167.0

1) 2018–2021: Net ECL level based on IFRS 9 expected loss model. 2017: Credit loss level based on IAS 39 incurred loss model.
2) As proposed by the Board of Directors.
3) Ordinary dividend of SEK 4.10 per share decided by the Annual General Meeting and a further ordinary dividend of SEK 4.10 per share decided by the Extraordinary General Meeting in November 2021.
4) The 2019 dividend proposal was reverted and the AGM decided that no dividend be paid.
5) Ordinary dividend of SEK 6.00 per share and extraordinary dividend of SEK 0.50 per share.
6) Source: Nasdaq Stockholm.
7) Excluding extraordinary dividend.

Holistic management

Creating sustainable value is a continuous process in an environment that is under constant change. The Board of Directors sets the conditions by deciding on the bank's long-term strategic direction, financial targets, business plans and overall risk tolerance. Profitability targets are set within the framework of the risk tolerance level and the capital adequacy targets. In order to maximise customer and shareholder value, the financial consequences of business decisions are evaluated and operations are managed proactively based on these aspects:
1. growth, mix and risk level of business volumes
2. capital and liquidity requirements driven by the business
3. profitability.

Pricing in accordance with risk is thereby a natural part of the business and monitoring nominal and risk-based returns is an important part of management. The Board's overarching risk tolerance statements convey the direction and level of risk, funding structure, liquidity buffers and capital targets. SEB's main risk is credit risk. In 2021, Covid-19, and in the last several years, climate-related challenges were increasingly in focus. Such challenges are reflected throughout SEB's risk management. SEB strives to continuously identify and manage potential future risks, for instance by using stress tests and scenario analysis. The capital buffer and liquidity reserves are held to cover the risk in case of unforeseen events. All activities are carried out responsibly and in accordance with regulations and expectations – all in order to maintain the trust of the stakeholders.



Profit related to business volumes

Customers' financial needs are the source of SEB's business volumes and result. Here, the general relationships between customer-driven business volumes reported on- and off-balance sheet, and the income statement as well as external factors are outlined.

The macroeconomic situation is of great importance for customer behaviour and, together with the bank's own actions, it is a major factor impacting the business and the result.

In times of positive economic development, both businesses and private individuals are more likely to invest and consume. This may lead to increased lending, more payments, a higher number of corporate transactions, among other things, all of which affect net interest and net commission income positively.

In an unfavourable part of the business cycle, customers may be more restrictive and growth in business and transaction volumes may level out while credit losses may increase. On the other hand, customers hedge their risks in uncertain and volatile times, which may increase net financial income.

Income statement, simplified

SEK m

		2021
A	Net interest income	26,321
B	Net fee and commission income	21,142
C	Net financial income	6,992
D	Net other income	159
	Total operating income	**54,614**
	Total operating expenses	**–23,245**
2 3 4 5	Net expected credit losses and other	–504
	Operating profit	**30,864**
	Income tax expense	–5,441
	NET PROFIT	**25,423**

Business volumes in the balance sheet

SEK m

	ASSETS	2021
1	Cash and cash balances with central banks	439,344
2	Loans to central banks	4,454
3	Loans to credit institutions	60,009
4	Loans to the public	1,846,362
5	Debt securities	205,950
6	Equity instruments	120,742
7	Financial assets for which the customers bear the investment risk	422,497
8	Derivatives	126,051
	Other assets	78,822
	TOTAL ASSETS	**3,304,230**

	LIABILITIES AND EQUITY	2021
9	Deposits from central banks and credit institutions	75,206
10	Deposits and borrowings from the public	1,597,449
11	Financial liabilities for which the customers bear the investment risk	424,226
12	Liabilities to policyholders	34,623
13	Debt securities issued	730,106
14	Short positions	34,569
	– of which equity instruments	*14,405*
	– of which debt securities	*20,164*
15	Derivatives	118,173
	Other financial liabilities	5,721
	Other liabilities	90,929
16	*– of which subordinated debt*	*28,549*
	Total equity	193,228
	TOTAL LIABILITIES AND EQUITY	**3,304,230**

Sample business volumes outside the balance sheet

SEK bn

			2021
17	Assets under management	Customers invest in for instance mutual funds	2,682
17	Assets under custody	The bank safekeeps securities and administrates dividends and interest on customers' behalf	21,847
17	Commitments	Preapproved customer credits	814
17	Guarantees	The bank assists customers with credit risk management	160

17	Payments and cash management	Customers make payments and manage account balances
17	Card transactions	Customers make card payments
17	Securities transactions	Customers use the bank as an intermediary in securities transactions, for instance equities
17	Corporate transactions	Corporate customers seek advice and assistance for various corporate transactions, such as acquisitions, IPOs etc.

The relation between operating income and customer-driven business volumes

A **Net interest income** Net interest income is the difference between income from lending and expenses associated with deposits and borrowings. Margins and business volumes have a major bearing. Interest margins differ in various markets, mainly due to varying maturities, risk and competition.	B **Net fee and commission income** Net fee and commission income increases with growing transaction volumes. Commissions may increase in advantageous financial markets and with increased business volumes, and vice versa.	C **Net financial income** Net financial income includes both the market value and realised gains and losses on transactions with securities, currencies and derivatives. The development in financial markets plays a major role.	D **Net other income** Items in net other income occur sporadically with no clear link to macroeconomic factors.	
Customer loans generate interest income over the life of the loan. Up-front fees on new loans are treated as interest income. 1 2 3 4	SEB participates in, or leads, syndications of loans leading to net fee and commission income or expenses. 4			**Loans**
SEB maintains an inventory of debt securities for customer trades and liquidity management. They accrue interest over life. 5 14		SEB holds debt securities for customer trading and liquidity management. The customer trading activity as well as the market value of the inventory affect net financial income. 5 14	Sales from the bank's inventory of debt securities held for liquidity management or investment affect this item. 5	**Debt instruments**
	Brokerage fees in equity trading are received or paid. 17	SEB holds equity instruments for customer trading and is a counterpart in equity swaps. The customer trading, changes in the market value, dividends and realised gains/losses affect this item. 6 14	Dividends from the bank's own equity holdings affect the item. 6	**Equity Instruments**
Interest rate derivatives that are used by SEB to reduce volatility in the result (so-called hedging) accrue interest over life. 8 15	In certain cases, SEB charges and pays fees when trading in derivatives. 8 15	SEB is a counterparty for customers wishing to manage risk (for instance foreign exchange and interest rate risk) using derivative instruments. Both customer trades and the market value of the holdings affect financial income. 8 15	The market value of derivatives that SEB uses for hedging. 8 15	**Derivatives**
SEB pays interest on customers' deposits. 9 10	Certain bank accounts generate fee income. 9 10			**Deposits and borrowings**
	SEB provides savings in unit-linked insurance, deposit insurance and similar products where the customer bears the risk. Invested volumes generate fee income. In addition, distribution generates fee expenses. 7 11 17	SEB provides savings in traditional pension with a certain guaranteed return, sickness and health insurance and related services. SEB invests mainly in equity instruments and debt securities to safeguard the outcome of insurance claims. 5 6 12		**Insurance and savings**
SEB's operations are partly funded by long and short-term interest-bearing securities, all of which generate interest expense. 13 16		The market value including the credit risk in SEB's issued index-linked bonds affects this item. 13	Early redemption by SEB of its debt instruments affects this item. 13 16	**Issued securities and subordinated debt**
	Various customer services are provided which generate both fee and commission income and expense. Most fees are fixed and transaction based; some are market value based. 17			**Business volumes outside the balance sheet**

Divisions

Large Corporates & Financial Institutions

Business offering
The division serves 2,000 large corporate customers and 1,100 financial institutions and offers advisory-driven commercial and investment banking services in the Nordic region, Germany, United Kingdom and through the international presence. The division has a full-service offering supporting enterprises with capital and offering investment opportunities for pension funds and other investors.

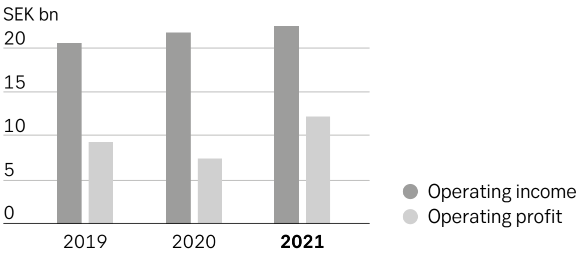
Customers are offered capital markets transaction services (equity and debt); financing as well as advice relating to investment banking activities (mergers and acquisitions, etc); products and services for cash management and trade finance; brokerage and trading services; post trade investor services such as custody, risk and valuation services and collateral management; macroeconomic analysis and securities research.

Divisional heads

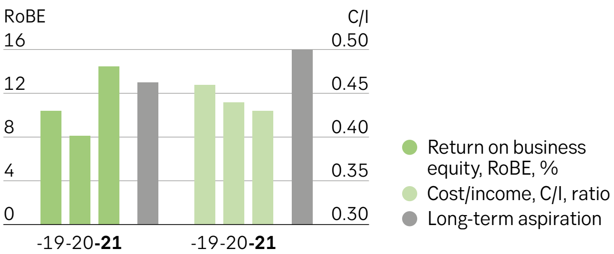

Joachim Alpen


Jonas Ahlström

Operating income and profit



Aspiration and outcome



Comments on the 2021 result
Operating profit increased by 64 per cent to SEK 12,177m. Net interest income was 1 per cent lower than 2020, primarily due to internal transfer pricing effects. Strong equity markets and low interest rates led to high customer activity in corporate transactions and net fee and commission income grew by 20 per cent. With volatilities lower than 2020, net financial income decreased. Operating expenses were flat and net expected credit losses lower than 2020 when oil-related credit reserves were set up. The net expected credit loss level was 5 basis points.

Corporate & Private Customers

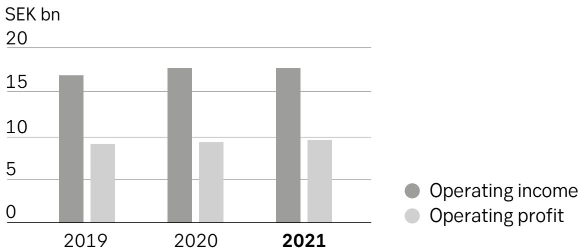
Business offering
The division serves some 501,000 private and 184,000 corporate home bank customers in Sweden with universal banking services through digital meeting points, about 100 physical meeting places and a contact centre with 24/7 accessibility.

The division has a broad offering for both private and corporate customers, ranging from everyday banking services to private individuals and smaller companies, to Private Banking services with global reach for high-net-worth individuals in the Nordic countries. In addition, complex banking and advisory services are provided to medium-sized companies. The division also issues cards in the Nordic countries under SEB's own brand as well as for Eurocard and several other partner brands.

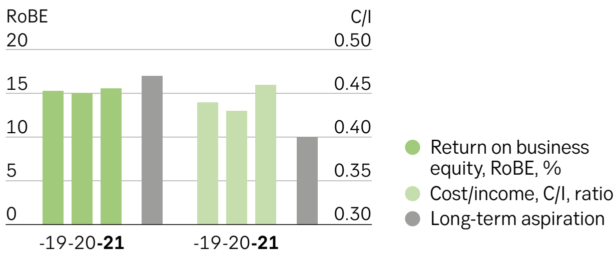
Divisional head


Jonas Söderberg

Operating income and profit



Aspiration and outcome



Comments on the 2021 result
Operating profit increased by 4 per cent to SEK 9,518m. Net interest income was 6 per cent lower than 2020, primarily due to internal transfer pricing effects. Net fee and commission increased by 12 per cent as private customers' card usage returned from 2020 levels. Operating expenses increased with a goodwill impairment relating to the card business in Norway. Net expected credit losses decreased compared to 2020 when pandemic-related reserves were established. The net expected credit loss level was 1 basis point.

Baltic

Business offering

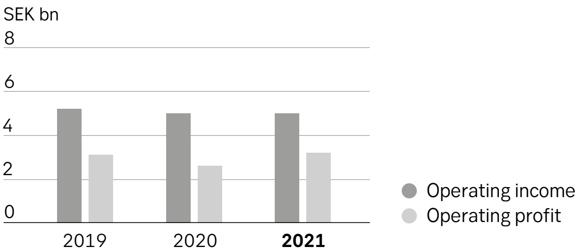
The division provides universal banking including advisory services to private individuals and all corporate customer segments in Estonia, Latvia and Lithuania, with significant market shares across key segments and products in all three countries.

The division has 61 branch offices in the three Baltic countries and serves approximately 1 million private home bank customers and 105 000 home bank customers among small and medium-sized companies. Digital services, such as mobile applications, electronic document signing and remote video advice, are increasingly used by customers.

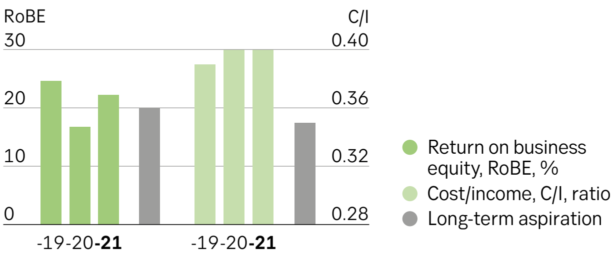
Divisional head

Nina Äikäs

Operating income and profit



Aspiration and outcome



Comments on the 2021 result

Operating profit increased by 25 per cent and amounted to SEK 3,233m. Net interest income decreased by 4 per cent, primarily due to currency effects. Net fee and commission income increased by 7 per cent mainly due to high performance fees in mutual funds. Operating expenses were unchanged. Net expected credit losses were positive as a larger recovery exceeded new provisions. The net expected credit loss level was –11 basis points.

Life

Business offering

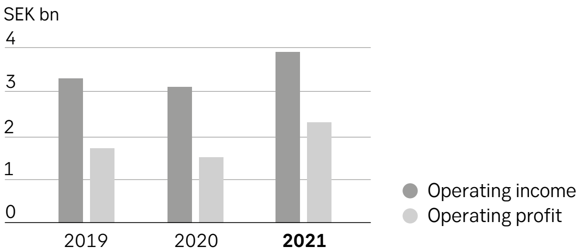
The division provides life insurance solutions to about 810,000 private and 96,000 corporate customers with 402,000 policyholders. Operations are carried out mainly in the Nordic and Baltic countries through digital and remote meeting points, physical meeting places and contact centres.

The insurance offering includes unit-linked, portfolio bond and traditional insurance as well as health and sickness insurance. The division aims to serve customers throughout life with long-term advice and solutions in order to provide companies and individuals with the right insurance coverage.

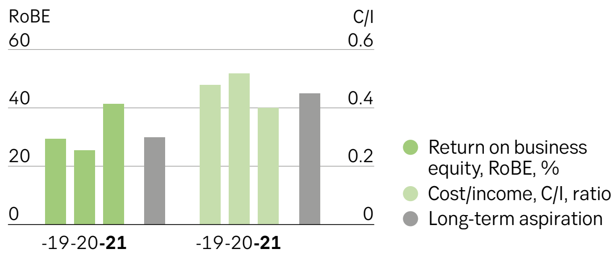
Divisional head

David Teare

Operating income and profit



Aspiration and outcome



Comments on the 2021 result

Operating profit increased by 60 per cent to SEK 2,346m. Net fee and commission income increased by 16 per cent mainly as a result of the positive financial markets. Net financial income, primarily from the traditional life operations, increased by 58 per cent, also partly due to the advantageous market conditions. Operating expenses decreased by 3 per cent.

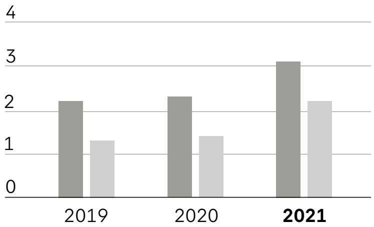
Investment Management

Business offering
The division offers asset management services through a broad range of funds and tailored portfolio mandates to institutional investors, as well as retail and Private Banking customers. The operations are carried out in Sweden, Denmark, Finland and Luxembourg. Assets are managed across equities, fixed income, alternative investments and multi-strategy management. The products are distributed mainly via the bank's other divisions, but also via external parties.

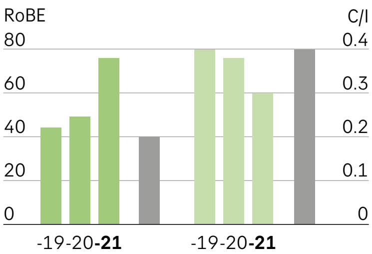
The division is aiming to be the advisory leader with a goal to enhance and deepen the focus on the sustainable product offering in order to meet customer needs and expectations.

Divisional head


Javiera Ragnartz

Operating income and profit


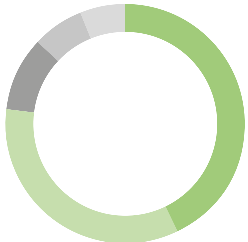
- Operating income
- Operating profit

Aspiration and outcome


- Return on business equity, RoBE, %
- Cost/income, C/I, ratio
- Long-term aspiration

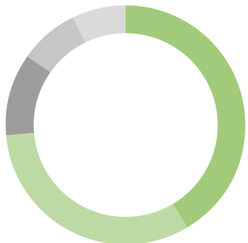
Comments on the 2021 result
Operating profit increased by 50 per cent to SEK 2,164m. In the favourable financial markets base commissions reached SEK 2,403m driven by record high assets under management. Performance fees amounted to SEK 659m with generally higher market values as well as a number of one-time items. Operating expenses increased by 2 per cent.

Divisions' share of:

Operating income[1)]


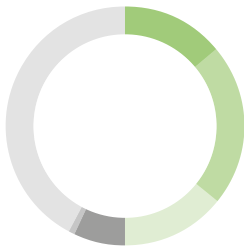
	Per cent
Large Corporates & Financial Institutions	43
Corporate & Private Customers	34
Baltic	10
Life	7
Investment Management	6

1) Excluding group functions and eliminations

Operating profit[2)]


	Per cent
Large Corporates & Financial Institutions	41
Corporate & Private Customers	32
Baltic	11
Life	8
Investment Management	7

2) Excluding group functions

Employees


	Per cent
Large Corporates & Financial Institutions	14
Corporate & Private Customers	22
Baltic	14
Life	7
Investment Management	1
Group functions, including support and staff	42

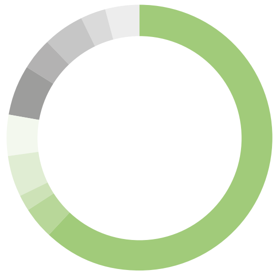
Private Wealth Management & Family Office
To further strengthen the relationship with the segment from entrepreneurs to professional family offices and to continue to expand SEB's savings and investments business, a new division, Private Wealth Management & Family Office, was established. This division will gather the Private Banking expertise and leverage SEB's full range of products and services, in particular within Investment Banking.

The divisional results will be reported starting from the first quarter of 2022.

Geographic markets

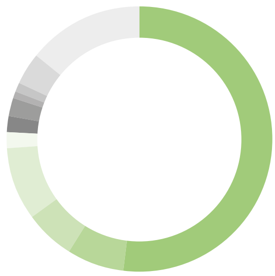
	Market	Comment
	**Global with Sweden** Johan Torgeby *President and CEO*	**Universal banking** Sweden is SEB's main market with a complete banking, pension and insurance offering to a wide range of customers. Despite lasting Covid-19 effects, 2021 showed stable growth in household and corporate lending volumes, while significant investments in strategic initiatives were made.
	**Estonia** Allan Parik *Country manager*	**Universal banking** Estonia was one of the first economies in the eurozone where GDP grew to above pre-pandemic levels. SEB's services supported the rapid recovery in both private consumption and investments, led by a combination of fewer restrictions and a reform of the Estonian pension system.
	**Latvia** Ieva Tetere *Country manager*	**Universal banking** The Latvian economy weathered the Covid-19 pandemic well but a new wave in the end of the year resulted in new restrictions, dampening economic activity. SEB continued to support customers and improve digital means, such as mobile onboarding functionality and investment advice in the mobile app.
	**Lithuania** Sonatą Gutauskaitę-Bubnelienę *Country manager*	**Universal banking** After a minor drop in 2020, Lithuania's economy expanded rapidly in 2021, despite several spikes in Covid-19 cases. SEB continued to support the economy and customers, especially by increased lending to corporate customers.
	**Denmark** Mark Luscombe *Country manager*	**Corporate banking** Both the economic and business climate were strong in Denmark and this was reflected across the corporate and investment banking activities.
	**Norway** John Turesson *Country manager*	**Corporate banking** With continued high activity in the capital markets SEB participated in an increased number of transactions and took a strong position for advisory services within investment banking. SEB has been deeply involved in the customers' transition towards sustainability, both through green and sustainability-linked products and advisory.
	**Finland** Marcus Nystén *Country manager*	**Corporate banking** Customer activity was very strong during the year and resulted in growth in investment banking services and energy, infrastructure and sustainable banking solutions. Demand for core banking products also increased. SEB ensured the position as a leading transition bank and custody operator for institutional clients.
	**Germany** Johan Andersson *Country manager*	**Corporate banking** The German economy recovered but growth was hampered by precautionary measures against the pandemic and global disturbances in the supply chain. Customers exited Covid-related facilities while investment activities were high in infrastructure, energy and in relation to the future de-carbonisation of most industry sectors.
	**United Kingdom** Anders Engstrand *Country manager*	**Corporate banking** GDP rebounded, supported by successful roll-out of vaccination programs, lifted restrictions and an increase in consumption. During the year SEB has continued to develop corporate and institutional customer relationships with a focus on sustainable business models.
	Other markets The international network	SEB continued to serve customers through its presence in Luxembourg, Poland, Russia, Ukraine, China, Hong Kong, Singapore, India, USA and Brazil and worked to expand the business in Netherlands, Austria and Switzerland.

Share of SEB's operating income



	Per cent
Sweden	62
Estonia	4
Latvia	2
Lithuania	5
Denmark	5
Norway	6
Finland	4
Germany	5
United Kingdom	3
Other markets	4

Share of SEB's employees



	Per cent
Sweden	52
Estonia	7
Latvia	6
Lithuania	9
Denmark	2
Norway	2
Finland	2
Germany	1
United Kingdom	1
Other markets	4
Global services in Latvia and Lithuania	14

Market shares and customer contacts

SEB's market shares

Per cent

	2021	2020	Total market, SEK bn 2021	Market growth
Lending to general public				
Sweden	14.6	14.4	7,314	6
Lending to households	12.7	12.6	4,720	7
Lending to companies	18.1	17.6	2,594	5
Estonia[1]	25.8	27.5	228	5
Lending to households	26.1	26.4	105	3
Lending to companies	25.5	28.4	122	6
Latvia[1]	21.4	23.2	145	3
Lending to households	18.6	19.2	58	2
Lending to companies	23.2	25.9	87	4
Lithuania[1]	29.4	31.2	210	3
Lending to households	28.2	28.9	115	5
Lending to companies	30.9	33.9	95	0
Deposits from general public				
Sweden	16.9	16.5	4,149	11
Deposits from households	12.2	11.6	2,418	9
Deposit from companies	23.5	23.8	1,731	15
Estonia[1]	20.9	21.3	275	15
Deposits from households	21.5	21.5	124	19
Deposit from companies	20.4	21.2	151	11
Latvia[1]	19.4	18.2	197	6
Deposits from households	19.7	18.1	111	6
Deposit from companies	19.0	18.3	87	4
Lithuania[1]	28.7	28.6	337	12
Deposits from households	29.3	29.5	197	16
Deposit from companies	27.7	27.5	139	6
Equity trading				
Stockholm	4.3	4.8	11,917	6
Helsinki	1.6	2.8	3,193	1
Copenhagen	2.4	2.0	4,969	4
SEK-denominated corporate bonds				
	20.5	13.2	192	26
Mutual funds, total volumes[2]				
Sweden	9.9	10.2	6,951	27
Finland	1.0	1.2	1,627	22
Unit-linked insurance, premium income				
Sweden[3]	13.1	13.2	76	8
Total life insurance, premium income				
Sweden[3]	12.5	7.8	238	–13

1) Excluding financial institutions & leasing. Estonia, Latvia and Lithuania per September 2021. Market growth in local currency, September YoY.

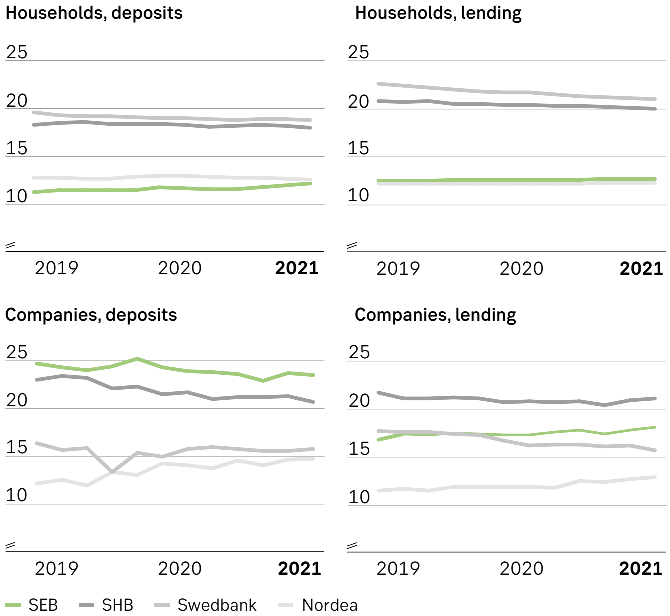
2) Excluding third-party funds.

3) Per September 2021.

Sources: Statistics Sweden, Swedish Investment Fund Association, Estonian Finantsinspektsioon, Finance Latvia Association, Association of Lithuanian Banks, Swedish Insurance Federation, Nasdaq etc.

Market shares, Sweden

Per cent



Customer contacts

	2021	2020	2019
Number of syndicated loans in Nordic countries	99	69	78
Number of equity capital market transactions in the Nordic countries	52	28	25
Number of Nordic mergers and acquisitions	9	10	31
International Private Banking branch offices	12	12	12
Number of Swish payments via SEB's app (million)	87	49	45
Number of branch offices	156	172	184
Number of ATMs[1]	2,280	2,293	2,370

1) of which 1,600 jointly owned by major Nordic banks.

Future uncertainties

The financial and economic consequences of the Covid-19 pandemic have been extensive in SEB's home markets and the continued recovery is dependent on the pandemic development and government and central bank measures. SEB is continuously assessing the asset quality of its credit portfolio using different economic scenarios. Financial markets volatility may adversely impact fair values of certain financial instruments and holdings, and consequently, net financial income and capital.

The interest rate levels – in Sweden in particular the repo rate – are key factors affecting net interest income and operating profit. At the latest monetary policy meeting, the Executive Board of the Swedish central bank decided to hold the repo rate unchanged at zero per cent. The central bank expects that the repo rate will be raised at the second half of 2024. A sensitivity analysis assuming a repo rate hike of 25 basis points indicates an increase of approximately SEK 1bn in net interest income, all else equal.

SEB assumes credit, market, liquidity, non-financial as well as life insurance risks. The risk composition of the group, as well as the related risk, liquidity and capital management, are described on p. 86–91 and in note 40 and 41, in the Capital Adequacy and Risk Management Report for 2021 as well as the quarterly additional Pillar 3 disclosures. Further information is available in the Fact Book that is published quarterly.

Re-assessment of credited withholding tax in Germany

SEB and its subsidiaries are continuously subject to tax field audits where local tax authorities review previous years' tax returns. The German tax authorities have in relation to SEB's wholly owned German subsidiary, DSK Hyp AG (DSK) re-assessed DSK's crediting of withholding tax in its securities finance business for the years 2008–2014 and claimed the repayment by DSK of EUR 936m, plus interest. DSK has over the years 2008–2015 claimed and credited approximately EUR 1,500m in withholding tax against its corporate income tax.

SEB and DSK are of the opinion that the securities finance business of DSK under review by the German tax authorities was conducted in accordance with market practice, law and administrative guidance applicable at the time. SEB and DSK, as supported by its external legal advisor, are of the view that it is more likely than not that it will be ultimately confirmed in a fiscal court proceeding that the withholding tax has been claimed and credited correctly by DSK. Hence, to date and in accordance with current accounting rules, no provisions have been made on a group level.

The legal proceedings are estimated to take several years as it is expected that the matter will be appealed to the highest fiscal court. It cannot be ruled out that the re-assessment by the German tax authorities of DSK's crediting of withholding tax may lead to negative financial effects for the SEB Group.

Supervisory matters

SEB is subject to various legal regimes, laws and requirements in all jurisdictions where the bank operates. Over the past years, the laws and regulations of the financial industry have expanded and further sharpened, and the regulators have increased their supervision. This is a development which is expected to continue to evolve. Competent authorities regularly conduct reviews of SEB's regulatory compliance, including areas such as financial stability, transaction reporting, anti-money laundering, investor protection and data privacy. SEB has policies and procedures in place with the purpose to comply with applicable laws and regulations and has continuous dialogues and cooperates with authorities. SEB has received requests from authorities in jurisdictions where it operates, including US authorities, to provide information concerning measures against money laundering, which SEB is responding to in dialogue with these authorities. It cannot be ruled out that current and future supervisory activities and requests from authorities could lead to criticism or sanctions.

Investigation of alleged tax evasion of a severe nature

The public prosecutor in Cologne, Germany, is investigating whether former and current employees of DSK and SEB have been involved in alleged tax evasion of a severe nature. DSK and SEB are cooperating with the prosecutor in the investigation. As far as SEB and DSK are aware, no indictments have been filed against any of the aforementioned employees.

It is unclear what impact this investigation may have on the re-assessment by the German tax authorities of DSK's crediting of withholding tax referred to above. It cannot be ruled out that the investigation or potential indictments may lead to negative financial effects for the SEB Group.

Events after the balance sheet date

Jeanette Almberg, currently Head of Group Human Resources and a member of the bank's Group Executive Committee (GEC), has been appointed as new Head of Business Support & Operations and a member of GEC. Robert Celsing, currently Head of FICC Markets at SEB, has been appointed new Head of Group Human Resources and a member of GEC. Nina Korfu-Pedersen, currently Head of Business Support & Operations, has been appointed Chief Transformation Officer for Control & Staff Functions. The changes are effective as at 1 February 2022.

Risk, liquidity and capital management

Managing risk is an integral part of banking, and risk awareness is deeply embedded in SEB's corporate culture. Megatrends such as digitalisation and sustainability as well as increasing regulation are leading to new, primarily non-financial, risks which are increasing in importance. The bank has a comprehensive framework for risk, liquidity and capital management that is continuously being developed to reflect the current environment.

Risk management

Risk development

SEB's overall risk profile remained strong in 2021. Asset quality is robust, credit losses are at historically low levels and the portfolio overlays made in 2020 for potential losses related to Covid-19 remain in place. Market risk decreased, and volatility toward the end of the year due to movements in energy commodity prices and rising inflation was managed well within risk tolerance levels. The liquidity and capital positions were both at historically strong levels at the end of the year.

The global economy recovered significantly in 2021 and credit growth was strong, primarily among corporates and household mortgages. The main scenario is that the recovery continues in 2022, albeit at a slower pace. There are however a number of uncertainties that could potentially impact the overall supportive environment. Supply chains have been disrupted by the pandemic, which combined with higher demand and the European energy crisis is driving inflation and interest rates higher. These trends highlight concerns related to elevated debt levels and inflated asset values. In addition, geopolitical tension has increased in several regions.

The Covid-19 pandemic remained at the centre of attention in 2021, and new waves of infections and restrictions cannot be ruled out. The impact of the eventual phase-out of government and central bank support programmes also remains to be seen.

SEB has managed the consequences of the pandemic well. Focus has been on supporting customers while at the same time managing the increasing risks. The bank's crisis management and pandemic plans were activated already at the onset of the pandemic and have been continuously developed since. This has resulted in new ways of working without major disturbances to the bank's significant processes. Incidents and losses related to non-financial risks have remained low. Employees returned to SEB's premises when restrictions were lifted, although this development was temporarily reversed at the end of the year. A new remote-working policy was also introduced in 2021.

In a longer perspective, the rapid transformation of the banking industry continues, driven by megatrends such as digitalisation and sustainability as well as increased regulations. On the back of this, focus has partly shifted from managing traditional financial risks to non-financial risks such as data management, cyber, technology and third-party risks. Machine learning and artificial intelligence will be fundamental for future risk management and may be used for compliance efficiency, better credit decisioning, audits and stress testing, among other things. Within sustainability, climate-related risks in particular are increasingly analysed, measured and integrated into strategic decision-making. The evolution of the global regulatory landscape for banks over the last 15–20 years, partly in response to the global financial crisis (2007/2008), is still ongoing.

In response to these trends, SEB is continuously developing its risk management framework for both financial and non-financial risks. This is done by developing relevant definitions, a control framework focused on prevention and mitigation, and an integrated risk and control assessment that considers emerging risks, including the quantification of such risks.

Risk profile

The Board of Directors decides on the overarching risk tolerance. The President and CEO is responsible for managing SEB's risks overall and ensuring that the risk profile is within the Board's risk tolerance and capital adequacy targets.

Board's risk tolerance statements in brief	Measurement	2021	2020
Credit risk and asset quality Maintain a robust credit culture based on long-term relationships, knowledge about customers and focus on their repayment capacity. This will lead to a high-quality credit portfolio.	• Total loans, contingent liabilities and derivatives (SEK bn) • Expected credit losses in relation to total exposure (%) • Share of loans that are classified as credit-impaired (%)	2,828 0.02 0.53	2,591 0.26 0.87
Market risk Target low earnings volatility by generating revenues based on customer-driven business.	• Statistical measure of the largest trading loss that can be expected in a ten-day period (VaR) (SEK m)	138	210
Non-financial, business and reputational risk Mitigate non-financial, business and reputational risk in all activities and maintain the bank's good reputation.	• Non-financial risk losses in relation to operating income (%)	0.37	1.94[1]
Liquidity and funding risk Have a sound structural liquidity position, a balanced wholesale funding dependence and sufficient liquid reserves to meet potential net outflows in a stressed scenario.	• High-quality liquid assets in relation to the estimated net liquidity outflows over the next 30 calendar days (Liquidity Coverage Ratio) (%) • Available stable funding in relation to the amount of required stable funding over a one-year horizon (Net Stable Funding Ratio) (%)	145 111	163
Aggregated risk and capital adequacy Maintain satisfactory capital strength in order to sustain aggregated risks and guarantee the bank's long-term survival and its position as a financial counterparty, while operating safely within regulatory requirements and meeting rating targets.	• Risk-weighted business volumes (risk exposure amount) (SEK bn) • Capital in relation to the risk exposure amount (CET1) (%) • Capital in relation to total assets (leverage ratio) (%)	787 19.7 5.0	726 21.0 5.1

1) Excluding an administrative fee of SEK 1bn, issued by the Swedish FSA, the non-financial risk loss in relation to operating income would have been 0.45 per cent.

Overall robust asset quality

SEB has a well-balanced credit portfolio (which includes loans, contingent liabilities and derivatives) mainly comprised of Nordic large corporates and Swedish households. Overall asset quality remained stable in 2021, with historically low levels of expected credit losses.

The impact of Covid-19 remained limited on the bank's larger portfolios such as large corporates, real estate, small and medium-sized companies and households. Early warning indicators such as late payments, negative risk class migration and bankruptcy statistics are closely monitored and have remained stable. That said, there are a number of developments that could become concerns, including the phase-out of the government support programmes that were introduced to mitigate the economic effects of Covid-19, and a potentially prolonged period with higher energy prices and supply chain challenges, as well as rising interest rates.

Net expected credit losses (ECL) in 2021 amounted to SEK 510m (6,118), corresponding to a net ECL level of 2 basis points (26). Credit-impaired loans (gross loans in Stage 3) amounted to SEK 9.8bn at year-end (14.9), corresponding to 0.53 per cent of gross lending (0.87). The Stage 3 ECL coverage ratio increased during the year from 48.4 per cent to 57.8 per cent.

The portfolio overlays made in 2020 are maintained largely unchanged. These include the overlays in the Large Corporates & Financial Institutions division to capture the challenges facing the oil industry and the overlays in the Corporate & Private Customers and Baltic divisions to capture the potential negative effects on asset quality from the pandemic. Total ECL allowances amounted to SEK 8,786m (10,165).

Strong credit portfolio growth

Credit portfolio growth was strong in 2021, mainly driven by corporates and continued good demand for Swedish household mortgages. The total credit portfolio amounted to SEK 2,828bn (2,591) by year-end.

Robust growth in the corporate segment

More than half of SEB's credit portfolio consists of exposure to corporates. SEB is unique among its peers in that its corporate portfolio consists primarily of large investment grade corporate customers, mainly Nordic and German customers in a wide range of industries, of which the largest is manufacturing. In general, SEB's large corporate customers have remained resilient during the pandemic.

In total, the corporate portfolio grew to SEK 1,473bn (1,308) in 2021. Growth was mainly driven by a surge in demand for M&A-related financing among large corporates toward the end of the year.

Activity was also high among small and medium-sized enterprises (SMEs), especially the mid-corporate segment. SEB's SME portfolio grew to SEK 176bn (149). SEB's exposure to SMEs is mainly in Sweden and accounts for 12 per cent (11) of the total corporate portfolio.

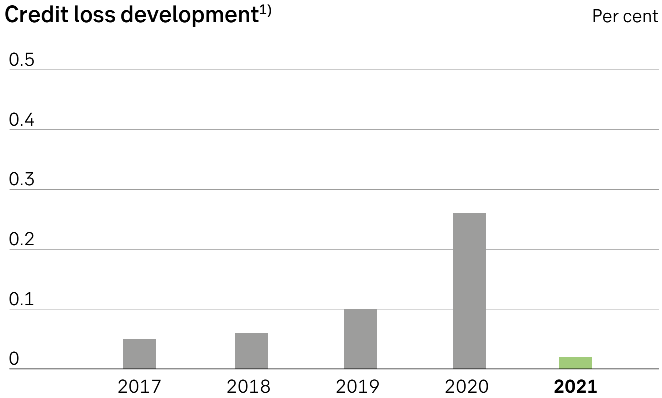
Strong growth in Swedish household mortgages

Activity in the Swedish housing market remained high in 2021, with large price increases that began to level off during the latter part of the year. The price development has been supported by continued low interest rates, increased demand for larger housing and lower consumption during the pandemic. SEB's Swedish household mortgage portfolio continued to grow in line with the market at around 7 per cent and amounted to SEK 594bn at year-end (560).

The portfolio is of high quality with low historical credit losses, a sound portfolio loan-to-value (LTV) ratio (weighted average max LTV of 50 per cent) and a proven strong repayment capacity among customers. Lending decisions are based on the borrower's repayment capacity, including the ability to manage a stressed scenario with a higher interest rate. Where applicable, the stressed scenario takes into account the borrower's share of the housing association's total debt.

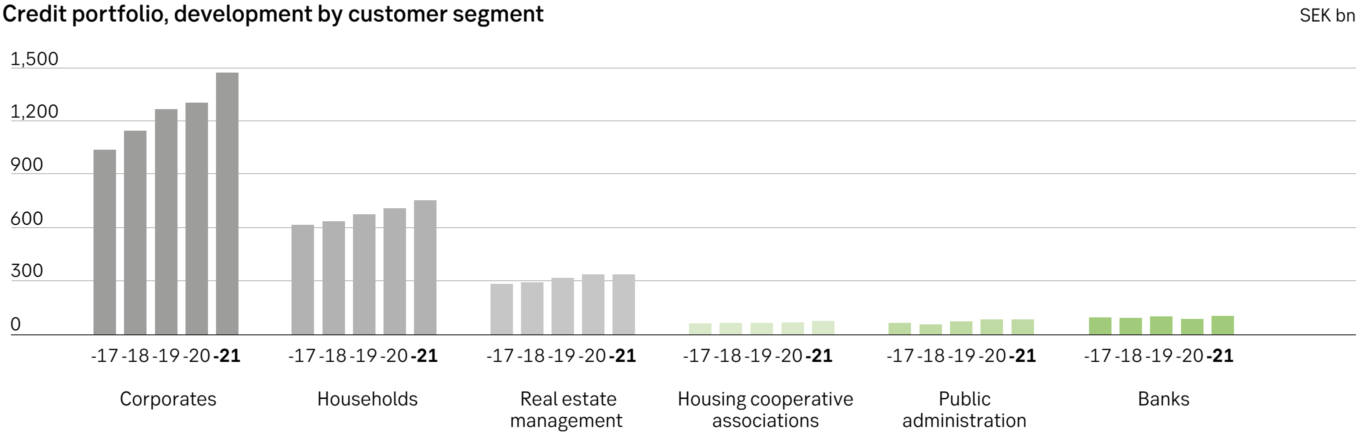
The general exemption from the amortisation requirement law, implemented by the Swedish FSA when the pandemic escalated, expired in August 2021. The amortising share of the portfolio has thereafter returned to pre-pandemic levels, that is 97 per cent of the portfolio with LTV higher than 70 per cent.

Credit loss development[1)]



1) 2018–2021: Net ECL level based on IFRS 9 expected loss model.
2017: Credit loss level based on IAS 39 incurred loss model.

Credit portfolio, development by customer segment



Solid real estate portfolio

SEB's credit exposure to residential real estate management is mainly in Sweden and consists of high quality, private and publicly owned real estate companies as well as institutional investors. Weighted average LTV for the portfolio was 46.4 per cent at year-end (46.5).

Demand for residential real estate in Sweden is stable and non-cyclical due to the structural housing deficit. In 2021, growth in the residential real estate portfolio was mainly driven by high buy and sell activity among existing customers. The portfolio amounted to SEK 152bn at year-end (143). SEB also has SEK 74bn (66) in credit exposure to housing cooperative associations, a common form of residential home ownership in Sweden.

SEB's credit exposure to commercial real estate companies consists mainly of strong counterparties in the Nordic region with sound financing structures and diversified property portfolios. Weighted average loan-to-value for the portfolio was 44.6 per cent at the end of 2021 (45.5). Asset quality remains high with no credit losses or signs of deterioration.

The market outlook for commercial real estate continues to be supported by low interest rates although the outlook varies between the different sub-segments. The acceleration of trends such as e-commerce and remote working, as well as reduced travelling during the pandemic, has impacted segments such as retail-related properties and hotels. Demand for office space remains stable but with some uncertainties such as longer lead times in letting activities and a slight increase in vacancy levels. SEB's commercial real estate portfolio amounted to SEK 188bn (196) at year-end.

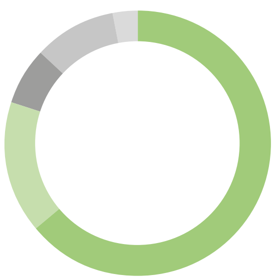
SEB governs its exposure to the real estate sector through a group-wide risk tolerance level for the commercial real estate portfolio, divisional volume growth limits and through a strict real estate credit policy.

Balanced growth in the Baltic countries

SEB's Baltic credit portfolio consists mainly of corporate and household exposures. Exposure to real estate management is limited. Lithuania is SEB's largest market in terms of credit exposure in the Baltic countries, followed by Estonia and Latvia.

Asset quality remained stable in 2021. The Baltic economies continued to recover, and credit portfolio growth was mainly driven by increasing demand for household mortgages as remote working drove demand for larger housing. Corporate volumes were stable. SEB's total Baltic credit portfolio increased to SEK 194bn (188).

Credit portfolio, distribution by geography[1)] Per cent



Sweden	64
Other Nordic countries	16
Baltic countries	7
Germany and the UK	10
Other	3

1) Distribution based on SEB's operations.

Decreased market risk

Market risk arises in SEB's customer-driven trading activity as well as within the treasury function, which is responsible for the Group's funding and liquidity management. The risk in trading is measured as Value at Risk (VaR), which estimates the bank's expected maximum loss during a period of ten trading days, with a probability of 99 per cent.

Interest rate risk in the banking book (IRRBB) arises as a result of balance sheet mismatches in currencies, interest terms and interest rate periods, and is managed under the IRRBB framework taking potential value and earnings risks into account.

2021 was characterised by tighter credit spreads, equity markets reaching all-time highs and lower market volatility. However, the trend reversed towards the end of the year with large volatility in e.g. the commodity and interest rate markets. As a result of market developments during the year, SEB's market risk decreased, and average VaR (which is based on changes in market risk factors over the past twelve months) declined to SEK 138m (210).

Stable risks in the insurance business

SEB's life insurance business consists mainly of unit-linked products, where the market risk remains with the customer. In 2021, unit-linked products accounted for 77 per cent of total premium income (67). In addition to unit-linked products, SEB also offers risk insurance in Sweden and in the Baltics, and traditional life insurance in Sweden.

The traditional life insurance portfolios expose SEB to market risk due to the guaranteed elements of the products. However, the difference between the value of the assets and the guaranteed commitments serves as a buffer against earnings volatility. During 2021 this buffer continued to increase due to strong financial markets and new business volumes.

Allocations to alternative investments are expected to continue to be material, at around 40 per cent (40) of the portfolio. Alternative investments generally increase the overall risk level, as valuation, market, liquidity, and non-financial risks are deemed higher relative to traditional investment asset classes. These risks are primarily mitigated by high levels of diversification within the asset class as well as a strengthened governance structure.

Managing non-financial risks throughout the pandemic and supporting the recovery

By continuously developing and improving governance and risk practices, SEB strives to mitigate non-financial risks – both traditional and emerging risks – in its daily business and processes. Net non-financial losses from incidents amounted to SEK 219m (1,235) in 2021.

At the outbreak of the Covid-19 pandemic in 2020, crisis management plans were activated across SEB. A pandemic response scenario devised as part of SEB's business continuity planning formed the backbone of the bank's response and has evolved along with the development of the pandemic.

Concerns related to increased losses from non-financial risks, not least due to extensive remote working, did not materialise. Instead, losses have remained at historically low levels. During the autumn of 2021, SEB employees returned to office premises in most geographies.

Cybersecurity, data management and model risk

Global connectivity and increased usage of cloud services, third-party vendors and outsourcing are megatrends in the banking industry that at the same time are increasing the risk of cybercrime. SEB proactively works with threat identification, threat scenarios, threat intelligence and risk management to minimise this risk.

To protect SEB's intellectual property, customer data and other sensitive information from unauthorised access by cyber criminals, activities to identify, protect against, detect, respond to, and recover from cybercrime are developed continuously. Security updates, system upgrades and security tests are performed on a regular basis. Using zero-trust and least privilege access principles along with technical safeguards provide additional protection to manage and monitor devices, users, applications, and networks.

Just as important is to foster a sound risk culture and to raise security awareness, not only among the employees, but also among SEB's customers. This is done through trainings, information and regular communication. In addition, SEB has adopted a group-wide cyber risk policy.

Data management and data ethics continue to grow in importance as the financial industry becomes increasingly datacentric. In addition, correct and timely data is part of growing regulatory requirements. Furthermore, SEB's efforts to counteract the risk of money laundering and the use of third-party arrangements increase the need for adequate data management and data processing. SEB's well-defined processes for managing such risks are being continuously adapted. In recent years, SEB has established a group-wide information governance framework, including data management tools and processes. In 2021 SEB adopted a customer data ethics policy with the objective of guiding and setting criteria for managing customer data.

Model risk is another area affected by evolving regulatory requirements. SEB has established a model risk policy framework, and significant improvements have been made to the independent validation of models used for financial crime prevention, pricing of lending products and algorithmic trading. Procurement of an IT application to support model risk management is ongoing.

Prevention of financial crime

By being active in the financial markets with a diverse and global offering, SEB is exposed to the risk of being used for corruption, money laundering and terrorist financing ("financial crime"). SEB works actively to prevent such risks in line with applicable rules and regulations as well as its own ethical standards. Knowledge, awareness and a strong risk culture are firmly embedded in the entire organisation, from the Board of Directors to individual employees.

In 2021, SEB decided to further enhance the governance and operating model for fighting financial crime by establishing a global function with responsibility for the area. The Financial Crime Prevention function (FCP) was set up during the year and facilitates the group's holistic governance, steering and control of measures to prevent financial crime.

SEB works continuously to develop its capabilities in the financial crime prevention area by developing procedures, processes and system support as well as by reinforcing internal controls. Employees are continuously trained to strengthen awareness around financial crime.

One of the most important activities of preventive work is the customer due diligence process. In this process, information to understand the business relationship and manage potential risks associated with the customer is collected and assessed. All new customers are assessed in this process, and the process is repeated on a regular basis throughout the duration of the relationship. The process is risk-based, and an extended risk assessment is conducted for customers operating in areas where the bank is deemed as more exposed, for example customers with specialised products or connections to high risk countries. During the year, work to define second line's assessment of customer risk continued within the Chief Risk Officer function.

Another important activity is transaction monitoring, which is used to detect suspicious transactions and behaviours. Any suspicious activity that is discovered is reported to the relevant authorities. In such cases, SEB will also consider terminating or limiting the business relationship. In 2021, SEB reported more than 3,900 Suspicious Activity Reports to the authorities in the countries where it operates. SEB also performs sanction screening to prevent payments to and from persons or entities subject to financial sanctions.

Customer Acceptance Standards (CAS)

SEB's credibility and reputation are essential to the bank's success and are built on long-term customer relationships, a strong business and risk culture based on clear ethical standards, social and environmental responsibility and professionalism.

SEB's reputation is also dependent on the type of customers SEB is associated with. SEB's CAS are nine principles that represent what the bank considers to be critical requirements when accepting new and existing customers. They complement internal and external rules and aim to further institutionalise and reinforce SEB's sound risk culture. The principles for SEB's Customer Acceptance Standards are:

1. SEB's active choice. To be a customer of SEB shall be the result of an active decision by the bank. Customer relationships are built on trust, and the relationship will be reviewed as required.
2. The purpose of the relationship must be fully understood. SEB shall have a good understanding of the customer's purpose for using SEB and why it makes sense that SEB provides those services.
3. Transparency is a requirement. Openness and the ability to provide satisfactory information is a requirement to become and remain a customer of SEB.
4. Customers shall comply with laws and regulations with a respectful distance to grey zones.
5. Customers in industries with a significant negative climate impact and without a credible plan to manage the transition to a low-carbon economy shall be avoided. SEB is committed to aligning its business strategy with the Paris Climate Agreement and encourages sustainable practices in partnership with customers.
6. Industries with negative social impact shall be avoided. SEB is committed to aligning its business with the UN Guiding Principles on Business and Human Rights and therefore has a very restrictive attitude to business activities in industries that could be seen as creating negative conditions for people involved in them.
7. Customers domiciled in high risk countries, where legal systems, infrastructures or financial disclosures are considered deficient and where corruption is high, shall be avoided.
8. Customers with heightened money laundering or sanction risk shall be treated with caution. Certain customers carry, by virtue of their activities, domicile, ownership, employees or payment patterns, a heightened risk for money laundering.
9. Customer acceptance shall be based on an approved business strategy, and SEB shall have the capacity to follow up and control customers and related risks.

External cooperation is an essential part of the work to prevent financial crime. In 2021 SEB continued the work with a joint know-your-customer (KYC) platform, Invidem, that was initiated together with five other Nordic banks in 2019. The cooperation between the Swedish Police Authority and the large Swedish banks against money laundering, SAMLIT, continued with the aim to increase information sharing between the public and private sector. SEB's work to detect and prevent all types of fraud, both internally and in cooperation with the police, is continuously developed and adapted to new criminal behaviours.

SEB's Code of Conduct and core values, mandatory training and dialogues on ethical and value-related dilemmas strengthen employees' awareness of the importance of their conduct. Employees are urged to report unethical or illegal incidents, if needed through an independent, external whistleblowing procedure.

Sustainability risks in credit analysis and customer onboarding

As a bank, SEB plays an important role in society by providing credit and managing financial assets in ways that promote sustainable economic growth and prosperity. Both in its customer onboarding and credit granting processes, SEB considers sustainability risks and the extent to which such risks can impact SEB's ambition to be a sustainable bank as well as the customer's ultimate repayment capacity. Tools for identifying, defining, monitoring, measuring and controlling sustainability risks are developed continuously.

→ For more information on SEB's sustainability management see p. 42 and for specific information on climate-related risk management, see p. 60.

→ For detailed information on risk, liquidity and capital management, see notes 40 and 41.

Liquidity and capital management

A well-balanced liquidity and funding strategy

Access to the liquidity and funding markets is vital in all circumstances. SEB's liquidity and funding strategy is managed from three perspectives: (1) optimising the liquidity structure of the balance sheet to ensure that less-liquid assets are matched with stable funding, (2) monitoring wholesale funding dependence, and (3) ensuring that the bank has sufficient liquidity reserves to withstand a severely stressed scenario.

In 2021 deposits continued to outgrow lending, resulting in a historically low loan to deposit ratio of 111 per cent (122) and a lower need for funding in the financial markets. Financial markets were well functioning and offered attractive funding opportunities. SEB raised long-term funding amounting to SEK 75bn (117) while SEK 151bn (126) matured, lowering SEB's total wholesale funding to SEK 474bn (580).

A high credit rating is important as it forms the basis for SEB's cost of wholesale funding. SEB maintained its rating from S&P, Fitch upgraded the outlook to stable, while Moody's downgraded SEB's senior unsecured debt and deposits from Aa2 to Aa3 with stable outlook. Moody's downgrade followed the Swedish National Debt Office's (the resolution authority) proposal to amend its rules on Minimum Requirements for Eligible Liabilities and Own Funds (MREL), resulting in most Swedish banks needing to issue lower levels of additional loss-absorbing debt.

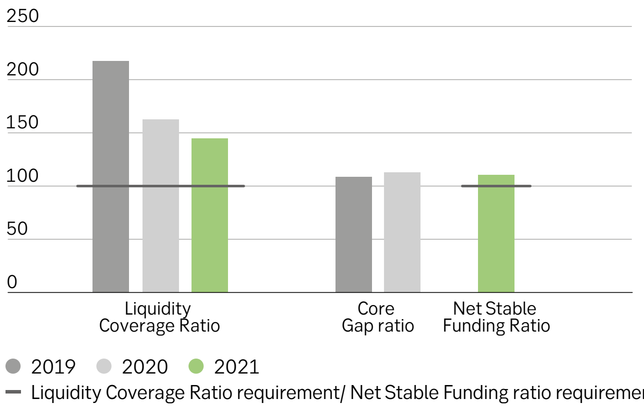
→ See p. 75 for credit ratings and composition of new funding.

SEB manages its assets and liabilities in line with the Net Stable Funding Ratio (NSFR) regulatory requirement of at least 100 per cent, a requirement that came into force in 2021. At year-end SEB's NSFR was 111 per cent, which is well within the minimum regulatory requirement as well as the Board's risk tolerance for a sound structural liquidity risk position.

At the end of 2021 SEB's liquid assets amounted to SEK 672bn (617). The size and composition of liquid assets are regularly analysed and assessed against estimated needs.

The Liquidity Coverage Ratio (LCR) measures to what extent SEB's liquid assets are sufficient to cover short-term cash outflows in a short-term stressed scenario. At the end of 2021 SEB's LCR was 145 per cent (163) and is thus in compliance with

Liquidity Coverage Ratio, Core Gap Ratio and Net Stable Funding Ratio[1)] Per cent



1) Core Gap Ratio is an internal measure of how long-term lending is matched by long-term funding. In 2021 the Net Stable Funding Ratio replaced it as a structural liquidity measure.

the minimum requirement of 100 per cent. SEB also meets the minimum LCR requirement for individual currencies, including euro, dollar and other significant currencies.

The capital position continues to be strong

Despite a strong risk culture and risk management, unexpected losses can occur in banking. SEB's capital management is designed to ensure that the bank has sufficient capital to absorb such unexpected losses. The Board of Directors sets SEB's capital target taking into consideration financial stability requirements by the regulators, debt investors and business counterparties, as well as the Board's view on capital need and credit rating ambitions. These requirements must be balanced with the shareholders' required rate of return.

In 2020 new capital requirements started to apply for Swedish banks, when the EU Banking package was transposed into Swedish law. As part of the 2021 Supervisory Review and Evaluation Process (SREP), the Swedish FSA introduced a Pillar 2 Guidance (P2G) of 1.5 per cent for SEB. The Common Equity Tier 1 (CET 1) capital requirements consist of four main parts:

Common Equity Tier 1 (CET 1) capital – requirement and relation

as percentage of total risk-weighted exposure amount

	2021	2020
Pillar 1 minimum requirement	4.5	4.5
Pillar 2 requirements (P2R)	1.2	1.2
Combined buffer requirement	6.6	6.6
Pillar 2 guidance (P2G)	1.5	
Total requirement and P2G	13.8	12.6
Common Equity Tier 1 (CET 1) capital ratio	19.7	21.0

SEB's CET1 capital ratio was at year-end 19.7 per cent (21.0), implying a buffer of 590 basis points above the regulatory requirement and P2G. The risk exposure amount increased to SEK 787bn (726) primarily as a result of growth in the corporate credit portfolio and foreign exchange effects. Net profit was strong in 2021, however due to decisions and anticipation regarding future capital distribution, CET1 capital increased slightly to SEK 155bn (152).

As part of the 2021 SREP, the Swedish FSA also introduced a Pillar 2 Guidance (P2G) of 0.45 per cent of the leverage exposure – on top of the minimum 3 per cent requirement for the leverage ratio. SEB's leverage ratio was 5 per cent (5.1) at the end of 2021.

The capital requirements for Swedish banks are higher than common EU levels, and Swedish banks are well capitalised compared to banks elsewhere in Europe, both from a risk-based and non-risk-based perspective. SEB's strong capitalisation was confirmed in the EBA's bi-annual EU-wide stress test. In the EBA's adverse stress scenario, SEB's CET1 capital ratio would decline from 21.0 per cent to 17.4 per cent, implying strong resilience in the stressed scenario.

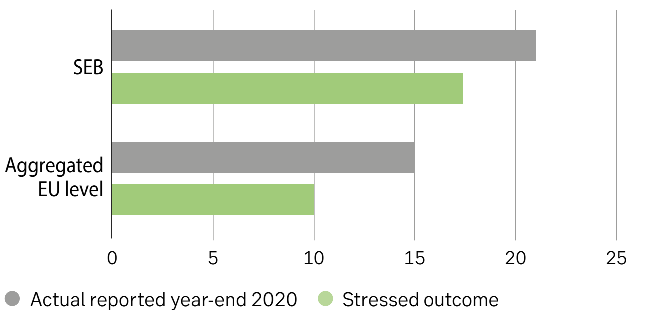
→ For information on the Board's capital-related financial targets, see p. 73.

Finalisation of the Basel III framework

In December 2017 the Basel Committee presented a framework for revisions to the Basel III framework (referred to as Basel IV) with the objective to reduce excessive variability of risk-weighted assets (RWA) among banks. For that purpose, the Committee introduced an output floor implying that risk-weighted assets calculated by applying internal models cannot in aggregate fall below 72.5 per cent of the risk-weighted assets calculated by the standardised approaches. On 27 October 2021 the European Commission released a proposal for implementation of Basel IV into EU legislation. The new rules are proposed to be implemented by 1 January 2025 with a five-year gradual phase-in of the output floor of 72.5 per cent until 1 January 2030. The removal of the internal model for operational risk, together with restrictions on the use of internal models for credit risk and changed methods for market risk, is expected to lead to an increase in required capital for SEB. The proposal includes some improvements in relation to the output floor compared to the original Basel standard, making the rules more suitable for the European banking sector.

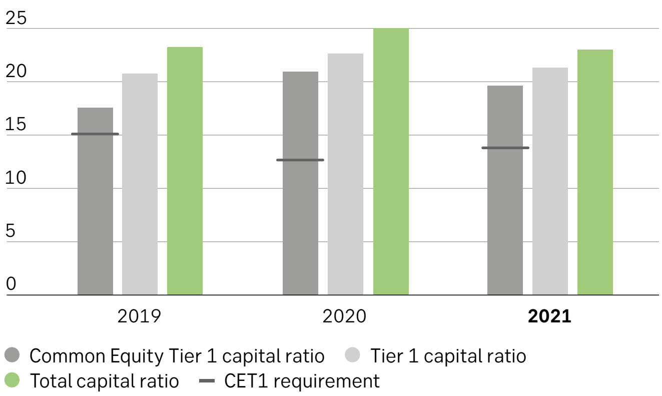
EBA stress test 2021 – effect on Common Equity Tier 1 capital ratio

Per cent



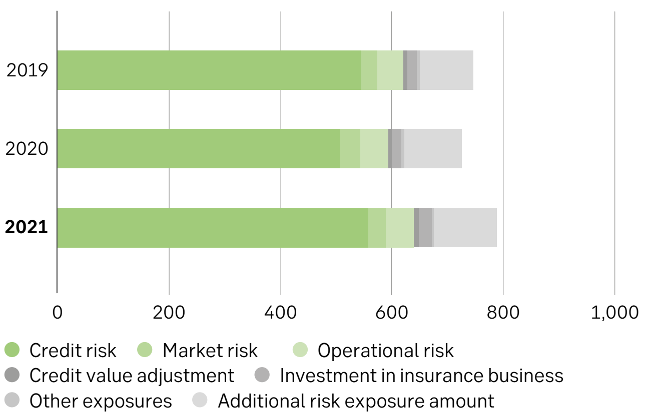
Capital adequacy

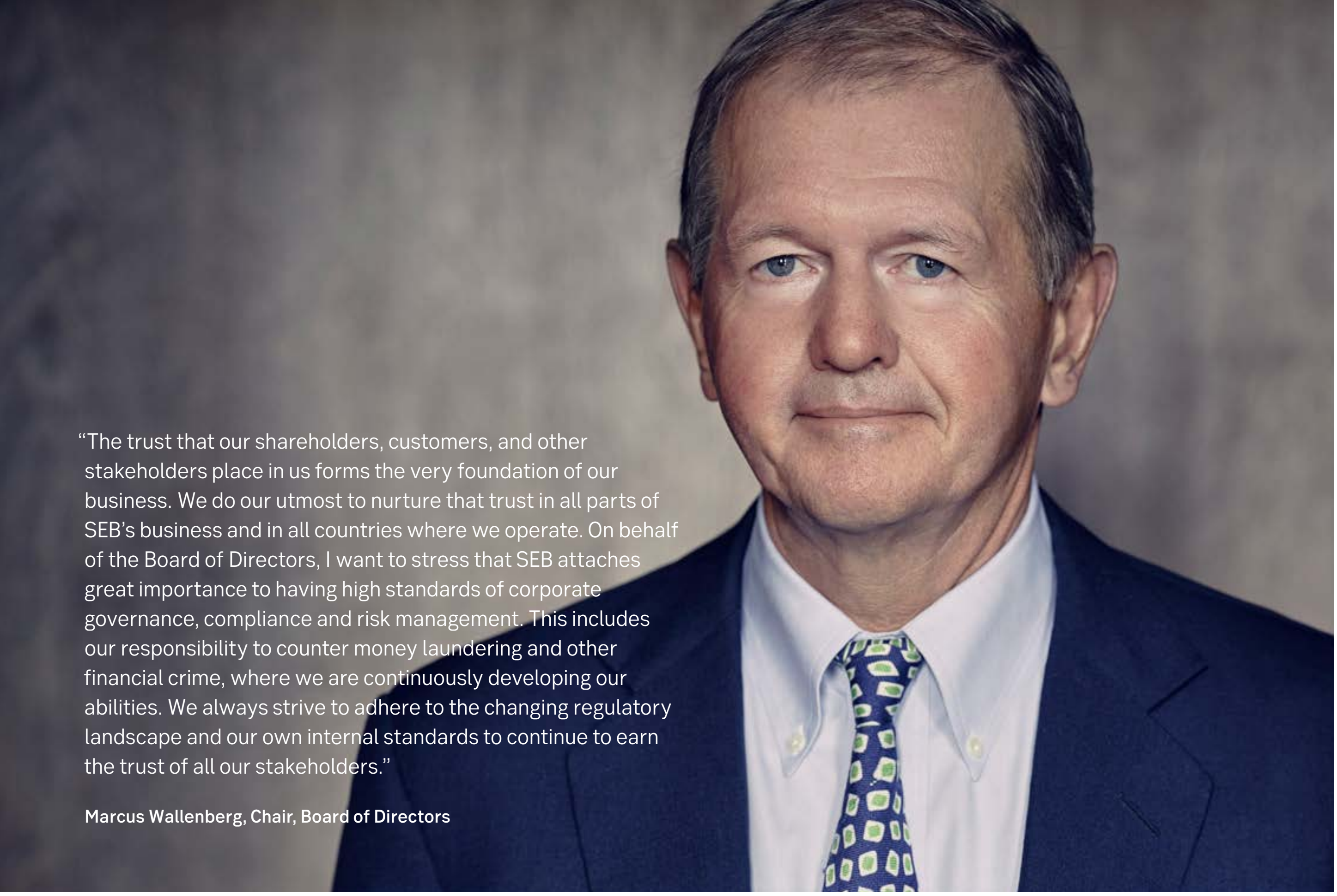
Per cent



Development of risk exposure amount (REA)

SEK bn





"The trust that our shareholders, customers, and other stakeholders place in us forms the very foundation of our business. We do our utmost to nurture that trust in all parts of SEB's business and in all countries where we operate. On behalf of the Board of Directors, I want to stress that SEB attaches great importance to having high standards of corporate governance, compliance and risk management. This includes our responsibility to counter money laundering and other financial crime, where we are continuously developing our abilities. We always strive to adhere to the changing regulatory landscape and our own internal standards to continue to earn the trust of all our stakeholders."

Marcus Wallenberg, Chair, Board of Directors

Corporate governance

To maintain the important societal function as a bank, it is of utmost importance for SEB that customers, shareholders, employees and other stakeholders have great confidence and trust in the bank's operations. Professional employees who are guided by a high standard of business conduct are crucial, as is maintaining a sound risk culture. A robust corporate governance framework with clearly defined roles and responsibilities and internal control helps prevent conflicts of interest.

Rules and regulations

As a Swedish public limited liability financial institution with securities listed on Nasdaq Stockholm, SEB is subject to numerous rules and regulations. The external framework for corporate governance includes the following rules and regulations:

- Companies Act
- Annual Accounts Act
- Nasdaq Stockholm Issuer Rules
- Swedish Corporate Governance Code
- Banking and Financing Business Act
- Rules and guidelines issued by the Swedish Financial Supervisory Authority and other authorities.

SEB also adheres to an internal framework that includes, among other things, the Articles of Association, which are adopted by the general meeting of shareholders. Policies and instructions that define the division of duties within the Group are tools for the Board of Directors (the Board) and the President and Chief Executive Officer (the President) in their governing and controlling roles. Such policies and instructions include, among others:

- The Board's Rules of Procedure and the Instructions for the board committees
- Instructions for the President and the Group's Corporate Governance
- Group Credit Instruction and Risk Policy
- Instruction for Handling of Conflicts of Interest
- Policy on Anti-Money Laundering and Combating Financing of Terrorism[1)]
- Code of Conduct[1)]
- Remuneration Policy
- Information Security Policy
- Corporate Sustainability Policy[1)]
- Inclusion & Diversity Policy[1)]
- Policies on Suitability, Diversity and Composition of the Board, the Group Executive Committee (GEC) and other key function holders.

1) See sebgroup.com

SEB's ethical and sustainability endeavours are an integral part of the business and are regularly included on the Board's agenda. SEB's Code of Conduct describes the bank's values, ethics and standards of business conduct and provides guidance on how employees are to abide by these values. Policies and instructions for sustainability and group-wide thematic and sector policies addressing environmental, social and governance issues are also of vital importance.

This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the Code). SEB strives to follow the Code where appropriate and has no deviations to report for 2021.

→ More information about SEB's corporate governance is available on sebgroup.com

Shareholders and general meetings of shareholders

The shareholders exercise their influence at general meetings of shareholders by, among other things, electing directors of the Board and the external auditor.

SEB has approximately 267,000 shareholders. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote.

The Annual General Meeting (AGM) of shareholders is held in Stockholm, in Swedish. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at the AGM and to vote for the full number of their shares. Shareholders who cannot attend may appoint a representative. The 2021 AGM was held on 30 March at the bank's head office in Stockholm. As a safety measure to prevent the spread of Covid-19, the AGM was conducted without the physical presence of shareholders and members of the Board of Directors other than the Chair and the President. The shareholders were able to exercise their voting rights by post and submit questions in writing prior to the AGM in accordance with Section 22 of the Act (2020:198) on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations.

A total of 934 shareholders, representing 61 per cent of the votes, were represented at the AGM. Central resolutions made at the AGM were:

- approval of an ordinary dividend of SEK 4.10 per share
- re-election of nine directors
- re-election of Marcus Wallenberg as Chair of the Board
- re-election of Ernst & Young AB as external auditor
- approval of the Board's Remuneration Report 2020
- adoption of three long-term equity programmes
- issuance of a mandate to the Board concerning purchases and sales of own shares for SEB's securities business, for the long- term equity programmes and for capital management purposes
- authorisation for the Board to decide on the issuance of convertibles
- amendment of the Articles of Association.

An Extraordinary General Meeting (EGM) was held on 12 November 2021. The shareholders were able to exercise their voting rights by post and submit questions in writing prior to the EGM in accordance with the exemption, Section 22 of the Act (2020:198), mentioned above. A total of 1,037 shareholders, representing 70 per cent of the votes, were represented at the EGM. The central resolution made at the EGM was the approval of a further ordinary dividend of SEK 4.10 per share.

→ The minutes from the AGM and the EGM are available on sebgroup.com

The largest shareholders

31 December 2021

	No. of shares	*Of which Class C shares*	Share of capital, %	Share of votes, % 2021	Share of votes, % 2020
Investor AB	456,198,927	*4,000,372*	20.8	20.8	20.8
Alecta	124,040,886		5.7	5.7	6.6
Trygg Foundation	108,441,911		4.9	5.0	5.2
AMF	89,098,313		4.1	4.1	3.7
Swedbank Robur Fonder	88,857,234		4.0	4.1	3.9
BlackRock	57,142,202	*144*	2.6	2.6	2.6
SEB Funds	44,675,056		2.0	2.1	2.1
Vanguard	44,063,409	*244,317*	2.0	2.0	1.9
SEB own shareholding[1)]	37,754,605		1.7	1.7	1.5
Handelsbanken Funds	35,402,554		1.6	1.6	1.5
Nordea Funds	24,161,610		1.1	1.1	0.7
Capital Group	23,317,185		1.1	1.1	0.3
Fourth AP funds	22,938,845		1.0	1.1	1.3
Harding Loevner	21,743,961		1.0	1.0	0.0
Bank of Norway	19,427,461	*29,372*	0.9	0.9	0.6

1) See table Number of outstanding shares on p. 75.

Source: Euroclear and Holdings.

Different voting power of class A shares (voting power 1) compared to C shares (voting power 0.1) gives minor differences in share of votes vs. share of capital.

The majority of the bank's approximately 267 000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50 per cent of the capital and votes.

Distribution of shares by size of holding

31 December 2021

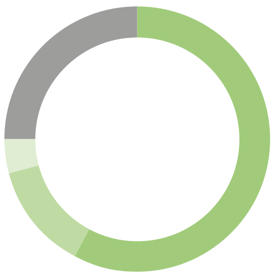
Size of holding	No. of shareholders	No. of shares	Per cent
1–500	176,271	30,059,472	1.4
501–1,000	38,410	29,222,920	1.3
1,001–5,000	42,861	94,104,210	4.3
5,001–10,000	5,737	40,932,744	1.9
10,001–20,000	2,276	31,913,381	1.5
20,001–50,000	1,076	33,022,722	1.5
50,001–100,000	287	20,369,123	0.9
100,001–500,000	269	60,043,327	2.7
500,001–1,000,000	53	37,055,072	1.7
1,000,001–	107	1,817,448,831	82.8
Total	**267,347**	**2,194,171,802**	**100.0**

Source: Euroclear and Holdings

Shareholder structure

Per cent

Percentage holdings of equity on 31 December 2021

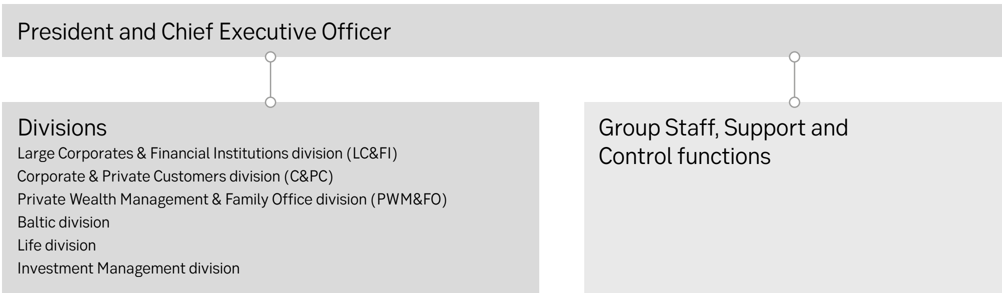


Source: Euroclear and Holdings

Corporate governance structure

SEB's business operations are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President.

SEB's organisation



Nomination Committee

The primary task of the Nomination Committee is to submit recommendations to the AGM for the Chair and directors of the Board as well as the external auditor.

The Nomination Committee nominates the Chair, the directors of the Board and the external auditor and makes recommendations regarding directors' fees and fees for committee work.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chair of the Board along with representatives of the bank's four largest shareholders that are interested in appointing a member. One of the independent directors shall be appointed as an additional member of the Nomination Committee.

The composition of the Nomination Committee meets the requirements laid out in the Code. The Nomination Committee has access to relevant information about SEB's operations and financial and strategic position, provided by the Chair of the Board and the additional member.

The Board's composition shall adhere to applicable laws and regulations and to the Policy on Suitability, Diversity and Composition of the Board of Directors, adopted by the Board. An important principle is that the Board's size and composition shall be such as to serve the bank in the best possible way. Therefore, as the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board in view of the bank's operations, organisation and future direction.

The Board's size and composition is discussed and reviewed in terms of suitable competence and experience in the financial sector as well as in other sectors. In addition, the directors should have sufficient time to perform their duties and understand the bank's business and its main risks. The Nomination Committee also reviews the evaluations of the Board's directors and Chair.

→ See p. 98.

Nomination Committee for the 2021 AGM

Member	Representing	Votes (%) 31 Aug. 2021
Petra Hedengran, *chair*	Investor	20.8
Magnus Billing	Alecta	6.6
Lars Heikensten	Trygg Foundation	5.2
Johan Sidenmark	AMF	3.8
Marcus Wallenberg	SEB, Chair of the Board	
		36.4

Jesper Ovesen, additional member, appointed by the Board.
Swedbank Robur Funds, which was the bank's fourth largest shareholder, did not appoint a member of the Nomination Committee.

The Nomination Committee shall ensure diversity within the Board in terms of the directors' educational and professional backgrounds, gender, age and geographical provenance.

Furthermore, the Nomination Committee discusses succession matters with particular emphasis on continuity and long-term perspective in ensuring the Board's competence and composition. The Nomination Committee for the 2021 AGM was appointed in the autumn of 2020. No fee has been paid to the members of the Nomination Committee.

→ The Nomination Committee's proposals for decisions, including a motivated account as regards directors, are available on sebgroup.com.

Board of Directors

The Board has overarching responsibility for the organisation, administration and operations of the SEB Group.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees.
The Board has the following duties, among others:

- deciding on the objectives, strategy and framework of the business activities as well as the business plan
- regularly following up and evaluating operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and risks inherent in the business as well as financial conditions in other respects are controlled in a satisfactory manner, in accordance with external and internal rules
- adopting policies and instructions for the business operations
- deciding on major acquisitions and divestments as well as other major investments
- appointing or dismissing of the President, members of GEC, the Chief Risk Officer (CRO), and the Head of Group Internal Audit, as well as setting the remuneration for these individuals
- deciding on a framework for granting loans and other transactions with the directors of the Board and other persons in a managerial position in SEB and their related parties as well as deciding on such transactions.

The Chair of the Board organises and leads the work of the Board and ensures among other things that the directors on a regular basis receive information and education on changes in rules concerning the bank's operations and on responsibilities of directors of a listed financial company. Educational and specialisation seminars are held each year. New directors are offered educational seminars with information on, and discussions about, SEB's various operations, including control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2021 AGM the Board shall consist of nine AGM-elected directors, without deputies, and of two directors along with two deputies appointed by the trade unions, who serve as employee representatives. In order for a quorum to exist at a board meeting, more than half of the directors must be present. The President is the only AGM-elected director employed by the bank. The Nomination Committee has made a collective assessment of the directors' independence in relation to the bank and the bank's management as well as in relation to shareholders controlling 10 per cent or more of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

The Board's work follows a yearly plan. In 2021 the Board held 23 meetings. The President attends all board meetings except when they address matters in which the President has an interest that may be in conflict with the interests of the bank, such as when the President's work is evaluated. Other members of GEC participate whenever required.

Directors' fees

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors and the Board's committees.

Directors' fees are paid on a running basis during the mandate period. Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that directors use 25 per cent of their fee to purchase and hold SEB shares up to an amount corresponding to one year's fee. Neither the President nor the directors appointed by the trade unions receive any directors' fee.

On the Board's agenda in 2021

First quarter

- Annual and Sustainability Report 2020
- Balance sheet, capital and dividend matters
- CEO and GEC succession planning
- Internal and external audit reports as well as Group Compliance report
- Remuneration of the President, GEC and control functions
- LC&FI division expansion of geographical scope to the Netherlands, Austria and Switzerland
- Annual review of Instruction and Polices for the SEB Group, including adoption of new fossil fuel policy
- Cybersecurity review
- AGM notice and AGM proposals
- Statutory board meeting

Second quarter

- Governance and organisational changes, including establishment of a Fraud and Crime Prevention (FCP) unit
- SEB's long-term strategy
- General Data Protection Regulation requirements
- Governance of potential conflicts of interest within the Board
- Internal Capital and Liquidity Adequacy Assessment (ICAAP and ILAAP)
- Macroeconomic update
- Visit from the Director General of the Swedish Financial Supervisory Authority

Third quarter

- Risk seminar
- Update on the custody business area
- Update on digital assets (currencies)
- Update on sustainability work in SEB
- Update on SEB's long-term strategy
- Capital matters

Fourth quarter

- Capital distribution: Extraordinary General Meeting (dividend) and share buyback
- Business plan 2022–2024
- Board evaluation
- Employee survey
- Recovery and resolution plan
- Update on FCP organisation
- PWM&FO division strategic review
- Update on national security regulation

SEB's quarterly report, reports and a summary of SEB's risk position, asset quality, credit portfolio and liquidity position are on the Board's agenda each quarter.

Board of Directors

				
	Marcus Wallenberg	**Sven Nyman**	**Jesper Ovesen**	**Signhild Arnegård Hansen**
Position	Chair since 2005	Vice Chair since 2017	Vice Chair since 2014	Director
Committee	Vice Chair RCC, ACC, RemCo	Member RCC	Chair RCC, member ACC	Chair RemCo
Year elected	2002	2013	2004	2010
Born	1956	1959	1957	1960
Education	B.Sc. (Foreign Service)	B.Sc. (Business and Econ.)	B.Sc. (Econ.) and MBA	B.Sc. (Human Resources) and journalism studies
Other assignments	Chair of Saab and FAM. Vice Chair of Investor, EQT and the Knut and Alice Wallenberg Foundation. Director of AstraZeneca Plc. Member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited until May 2022.	Director of Investor, Ferd Holding AS (Norway), Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and of Axel and Margaret Ax:son Johnson's Foundation.		Chair of SnackCo of America Corp. Chair of the Swedish-American Chamber of Commerce (USA). Director of SOS Children's Villages Sweden and SACC New York. Director of the Royal Swedish Academy of Engineering Sciences (IVA).
Background	Chair of Electrolux, International Chamber of Commerce (ICC) and LKAB. Director of EQT Holdings, Stora Enso and Temasek Holdings. Executive Vice President of Investor and CEO of Investor. Several assignments as chair and director of large public companies.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of RAM Rational Asset Management, Lancelot Asset Management and Arbitech. Several directorships.	Price Waterhouse. Vice President and later CEO of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.	President of the family-owned company Svenska LantChips. Chair of the Confederation of Swedish Enterprise. Vice Chair of Business Europe. Director of Business Sweden, Entrepreneurship and Small Business Research Institute (ESBRI). Several directorships.
Nationality	Swedish	Swedish	Danish	Swedish and American
Own and closely related persons' shareholdings	752,000 A shares	10,440 A shares and 10,200 C shares	25,000 A shares	5,387 A shares
Independent in relation to bank/major shareholders	Yes/No	Yes/No	Yes/Yes	Yes/Yes
Attendance at board/ committee meetings[1)]	20 of 20 / 43 of 43	20 of 20 / 24 of 24	23 of 23 / 35 of 35	23 of 23 / 10 of 10
Fee, board meetings, SEK	3,225,000	1,020, 000	1,020, 000	775,000
Fee, committee meetings, SEK	870,000	390,000	910,000	400,000

1) Includes only the meetings that the director could attend without conflict of interest.





Anne-Catherine Berner	**Winnie Fok**	**Lars Ottersgård**	**Helena Saxon**	**Johan Torgeby**
Director	Director	Director	Director	Director (President and CEO)
Member RemCo	Member ACC		Chair ACC	
2019	2013	2019	2016	2017
1964	1956	1964	1970	1974
B.Sc. (Econ.) and MBA (Leadership)	Bachelor of Commerce. Fellow of CPA Australia and of Institute of Chartered Accountants in England and Wales. Associate member of Hong Kong Institute of Certified Public Accountants.	Technical College Exam (electrical engineering), Diploma in Management from The Open University Business School and numerous IBM internal training courses.	M.Sc. (Business and Econ.)	B.Sc. (Econ.)
Director of Calefactio Investments HoldCo, Calefactio Investments, CV VC AG (Switzerland), Avesco AG (Switzerland) and Värmevärden/Adven (Sweden/Finland). Chair of the board, and founder, of the Association for the Support of the New Children's Hospital in Helsinki.	Director of Geely Holding Group. Senior Advisor to WFAB.	Head of Market Technology, Nasdaq Inc. Chair and CEO of Nasdaq Technology. Deputy Director in EKO Respecta.	CFO of Investor. Director of Swedish Orphan Biovitrum.	Director of Mölnlycke Holding, Swedish Banker's Association, Institute of International Finance. Board member of Mentor Sweden, Council member of Finnish-Swedish Chamber of Commerce, Member of YPO Young Presidents' Organisation, LUSEM Advisory Board Lund University and IIEB (Institut International d'Études Bancaires).
Member of Finnish Parliament and Minister of Transport and Communications in the Finnish government. Director of Ilmarinen and Soprano Oyi. Several other assignments as Chair and Director.	Broad experience from the financial business field. Industrial advisor and senior advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd. Director of Volvo Cars Corporation and G4S plc.	Various leading positions in Nasdaq. Head of Sales for Market Technology at OMX. Various management positions within IBM for the Nordics and Europe, Middle East & Africa.	Financial analyst at Goldman Sachs and Investor, CFO at Syncron International and Hallvarsson and Halvarsson. Investment Manager at Investor.	Robur Asset Management and Morgan Stanley. Co-head of Large Corporates & Financial Institutions division.
Swiss and Finnish	British	Swedish	Swedish	Swedish
4,600 A shares	3,000 A shares	No shares	12,500 A shares	457,740 shares and share rights[2)]
Yes/Yes	Yes/Yes	Yes/Yes	Yes/No	No/Yes
23 of 23 / 10 of 10	22 of 22/ 8 of 9	22 of 22	20 of 20 / 9 of 9	23 of 23
775,000	775,000	–[3)]	775,000	–
200,000	280,000		445,000	

2) of which 5,826 A shares, 195,005 share rights and 256,909 conditional share rights.
3) Lars Ottersgård has declined his director's fee.

Directors appointed by the trade unions

	Anna-Karin Glimström	Charlotta Lindholm	Annika Dahlberg	Magnus Olsson
Position	Director	Director	Deputy director	Deputy director
Year elected	2016	2015	2016	2020
Born	1962	1959	1967	1963
Education	University studies in mathematics, statistics and law.	LLB	University studies in working environment and labour law.	B.Sc. (Econ.)
Other assignments	Chair of Financial Sector Union in SEB and Financial Sector Union western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.	Client executive at PWM & FO Banking Foundations. Chair of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.	Employed at Finansförbundet at SEB. First deputy Chair of Financial Sector Union in SEB and Financial Sector Union regional club Storstockholm in SEB. Director of SEB's Aid and Education foundation.	Business advisor SEB Lund.
Background	Office manager and various other positions in SEB. Various specialist and leader roles within Trygg-Hansa. Director of SEB's Profit Sharing Foundation.	Various client responsibility positions in several divisions and subsidiaries in SEB. Client executive at Private Banking Foundations.	Employed at Fixed Income, Group Operations. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.	Various positions at SEB, including Head of branch office, account manager Merchant Banking (MB), business manager MB, business advisor at branch offices.
Nationality	Swedish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	No shares and 747 conditional share rights.	1,063 A shares and 747 conditional share rights.	No shares and 747 conditional share rights.	3,000 A shares and 747 conditional share rights.
Attendance at board meetings	21 of 23	23 of 23	18 of 18	17 of 18

Secretary to the Board of Directors and Group General Counsel

Hans Ragnhäll

Contact the Board of Directors

Skandinaviska Enskilda Banken AB,
Board Secretariat
SE-106 40 Stockholm, Sweden
sebboardsecretariat@seb.se

Evaluation of the Board of Directors, the President and the Group Executive Committee

The Board uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chair of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual directors take an active part in board and committee discussions
- whether directors contribute independent opinions
- whether the meeting atmosphere is conducive to open discussions.

The outcome of the evaluation is presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee determine the appropriate size and composition of the Board. Marcus Wallenberg does not participate in the evaluation of the Chair's work, which in 2021 was conducted by Vice Chair Jesper Ovesen. The Board evaluates the work of the President and GEC on a regular basis without participation of the President or any other member of GEC.

Board committees

The Board's overarching responsibility cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board.

At present, there are three board committees: The Remuneration and Human Resources Committee (RemCo), the Audit and Compliance Committee (ACC), and the Risk and Capital Committee (RCC). These committees report to the Board on a regular basis. An important principle is that as many independent directors as possible shall actively participate in the committee work. Neither the President nor any other officer of the bank is a member of the committees. The Chair of the Board serves as vice chair of the three committees. The committees are not composed of the same group of directors that forms another committee, and the bank occasionally rotates chairs and directors of the committees, taking into account the specific experience, know-ledge and skills that are individually or collectively required for the committees.

Remuneration and Human Resources Committee (RemCo)

RemCo prepares, for decision by the Board, appointments of the President and GEC members. The committee also develops, monitors and evaluates SEB's remuneration system, incentive models and risk adjustment, and evaluates SEB's talent, learning and succession planning activities.

Signhild Arnegård Hansen
Chair of RemCo

Main focus in 2021

- Follow-up of SEB's global talent management and succession planning for key executives
- Follow-up of SEB's work with inclusion and diversity
- Evaluation of variable remuneration programmes
- Monitor the progress of the SEB Campus competence platform.

→ See the Remuneration chapter on p. 106.

RemCo monitors and evaluates application of the guidelines established by the AGM for salary and other remuneration for the President and the members of GEC. An independent auditor's review on adherence to SEB's Remuneration Policy and applicable regulations is presented to the committee annually.

RemCo reviews, in consultation with RCC, the bank's Remuneration Policy and ensures that the bank's remuneration structure takes into account the risks and the cost of capital and liquidity. This review is based on, among other things, the risk analysis performed jointly by Group Risk and Group Compliance.

In addition, the committee oversees the Group's pension obligations and, together with RCC, the measures taken to secure the Group's pension obligations, including development of the bank's pension foundations. RemCo held 10 meetings in 2021.

It is primarily the President, together with the Head of Group HR, that submits reports for the Committee's consideration.

RemCo members
Signhild Arnegård Hansen (Chair), Marcus Wallenberg (Vice Chair) and Anne-Catherine Berner.

Audit and Compliance Committee (ACC)

ACC supports the Board in its work with quality assurance of, and internal control over, the bank's financial reporting and reporting to the supervisory authorities. ACC also monitors the effectiveness of internal controls regarding compliance and audit matters.

Helena Saxon
Chair of ACC

Main focus in 2021

- Follow-up of processes for internal control and regulatory compliance, for example in the newly established Group Internal Control and Compliance Committee.

When required, ACC prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The committee maintains regular contact with the bank's external and internal auditors and discusses the coordination of their activities. The committee also ensures that any remarks and observations from the auditors are addressed, and evaluates the external auditor's work and independence. When required, a recommendation from the President on appointment or dismissal of the Head of Group Compliance is subject to the committee's approval.

ACC held 9 meetings in 2021. It is primarily the Chief Financial Officer, the external auditor, the Head of Group Internal Audit and the Head of Group Compliance who submit reports for the committee's consideration. In addition, the President and the CRO regularly participate in the meetings.

→ See p. 105 for the Report on Internal Control over Financial Reporting.

ACC members
Helena Saxon (Chair), Marcus Wallenberg (Vice Chair), Jesper Ovesen and Winnie Fok.

Risk and Capital Committee (RCC)

RCC supports the Board in its work on ensuring that SEB is organised and managed in such a way that risks inherent in the Group's business are monitored and managed in accordance with the Board's risk tolerance statement as well as with external and internal rules. RCC also monitors the Group's capital and liquidity situation on a continuous basis.

Jesper Ovesen
Chair of RCC

Main focus in 2021

- Follow-up of SEB's capital and liquidity position in the light of the Covid-19 pandemic and the forthcoming banking reform packages, and of the business plan and economic forecast to ensure the bank has an adequate capitalisation and liquidity position at every point in time
- Review of the credit portfolio in the light of the Covid-19 pandemic, focusing on business sectors in transition as well as sustainability policies, such as policies related to fossil fuels.

RCC sets the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and the risk tolerance and strategy for the short and long term. The committee prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists RemCo in providing a risk- and capital-based view of the remuneration system. RCC held 26 meetings in 2021.

The Group's Chief Financial Officer has overall responsibility for informing and submitting proposals to RCC on matters related to capital and funding. The CRO has the same overall responsibility for risk and credit matters. The President, the Chief Financial Officer and the CRO regularly participate in the meetings.

→ The CRO function is described on p. 104. Information on risk, liquidity and capital management is provided on p. 86.

RCC members
Jesper Ovesen (Chair), Marcus Wallenberg (Vice Chair) and Sven Nyman.

The President

The President, who is also the Chief Executive Officer, is responsible for the day-to-day management of the activities of SEB in accordance with the Board's directives.

The President shall ensure that SEB is organised in such a way that there is an appropriate and transparent governance structure with a clear division of functions and responsibilities that ensures efficient and sound governance of SEB. The President has overarching responsibility for SEB's risk management in accordance with the Board's policies and instructions as well as its intentions as stated in the Board's risk tolerance statements.

The Board has adopted an instruction for the President's duties and role. The President reports to the Board and at each board meeting submits a report on, among other things, the performance of the business, based on the decisions made by the Board. The President appoints the heads of the divisions and the heads of the various staff and support functions that report directly to the President.

The President's committees

The President has five main committees at his disposal for the purpose of managing the operations.

The Group Executive Committee (GEC)

To best safeguard the interests of the Group as a whole, the President consults with GEC on matters of major importance or of importance as to principles. GEC addresses, among other things, matters of common concern to several divisions, strategic issues, issues in the areas of sustainability, IT and compliance, business plans and financial forecasts and reports. GEC held 34 meetings in 2021. GEC has 13 members apart from the President. The President has also appointed eight managers as additional members of GEC. They participate in GEC meetings from time to time to provide expertise and insight primarily in their respective areas of responsibility.

Asset and Liability Committee (ALCO)

ALCO, chaired by the President and with the Chief Financial Officer as vice chair, is a group-wide decision-making, monitoring and consultative body. ALCO, which held 8 meetings in 2021, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework
- strategic capital and liquidity issues, including internal capital allocation and principles for internal pricing.

On GEC agenda in 2021

Non-recurring agenda items

- Annual accounts
- AGM preparations
- Annual review of policies and instructions, including SEB's Code of Conduct
- Development of sustainability
- Discussions on customer satisfaction, branding and image position as well as customer insight work
- Strategic Initiatives status update
- Employee survey 2021 – discussion of survey results and actions
- Financial crime prevention programme
- Money Laundering and Terrorist Financing Risk Assessment
- Investor World update
- Retail Sweden transformation
- Corporate Banking update
- Review of competence and leadership development
- Google Cloud partnership

Recurring agenda items

- Discussion on capital requirements, asset quality and risk
- Macroeconomic development
- Media update
- Review and discussions on IT, including investments, security, agile way of working and cloud services
- Review of the bank's business operations and home markets
- Savings, Technology and Business Support & Operations quarterly updates
- Review process for handling customer complaints
- Quarterly reports
- SEB's long-term strategy and follow-up of the business plan
- Chief Information Officer update

Group Risk Committee (GRC)

GRC, chaired by the President and with the CRO as vice chair, is a group-wide decision-making committee that addresses all types of risk at the group level, including sustainability and reputational risks, in order to evaluate portfolios, products and customers from a comprehensive risk perspective. GRC held 67 meetings in 2021. GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the Group's activities are identified, measured, monitored and reported in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the Group's long-term risk tolerance are adhered to in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are implemented and that the necessary rules and policies for risk-taking in the Group are maintained and enforced.

Group Executive Sustainability Committee (GESC)

GESC, chaired by the President and with the Chief Sustainability Officer as vice chair, is a group-wide decision-making committee that addresses matters related to corporate sustainability activities in SEB. GESC held 9 meetings in 2021. GESC decides on the following matters in the corporate sustainability area to secure the best interest of the Group:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several divisions, Group Support functions or Group Staff functions
- SEB's sustainability-related policies
- Sustainability KPIs and targets for the divisions.

Group Internal Control and Compliance Committee (GICC)

GICC is a newly established group-wide committee. GICC is a consultative forum for the President and is tasked with reviewing, assessing, and following up on reporting from Group Internal Audit and Group Compliance, and where relevant the CRO function, on issues regarding the effectiveness and appropriateness of the organisational structure, procedures, measures and methods in place to comply with the rules and regulations applicable to the regulated business. The President shall also decide on appropriate measures needed to remedy identified deficiencies in the reports from the control functions. GICC held 6 meetings in 2021.

SEB External Sustainability Advisory Board (SESAB)

SEB's need to understand the direction and speed of sustainability-related change, including future opportunities and challenges, is very high. To address this need SEB has established an advisory board – the SEB External Sustainability Advisory Board (SESAB). The purpose of SESAB is to provide the bank with strategic intelligence in matters concerning sustainability from individuals outside the banking industry, based on academic research, and when desired, complemented with industrial experience. SESAB is composed of external experts by invitation of the President.

Divisions

SEB's business is organised in divisions with a number of business areas and business units.

The Board regulates the activities of the Group through an instruction for internal governance which establishes how the Group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised. The head or co-heads of a division have overall responsibility for the activities in the division.

Country Managers are appointed for countries outside Sweden in which SEB conducts business operations. Country Managers coordinate the Group's business locally and reports to a specially designated member of GEC.

Group Support functions and Group Staff functions

The Group Support functions and Group Staff functions are cross-divisional functions established to leverage economies of scale and support to the business.

The *Group Support functions* support the SEB Group through centralised and cross-divisional functions, established primarily to leverage economies of scale in various transactional, processing and IT services. The Group Support functions are divided into three units: Group Technology, Business Support & Operations and Sustainable Banking.

The *Group Staff functions* are set up to add value and support the business, and to manage certain regulated areas such as finance, human resources and legal affairs. The Group Staff functions have global responsibility and support the organisation with services in the areas of financial control, human resources, legal affairs, communication and marketing as well as financial crime prevention.

The three lines of defence in risk management

The business units make up the first line of defence. The business units ensure that transactions are correctly priced and that the assumed risks are managed throughout the life of the transactions. Long-term customer relationships and a sound risk culture provide a solid foundation for risk-taking decisions. Initial risk assessments are made of both the customer and the proposed transaction. Larger transactions are reviewed by a credit committee. The business units are responsible for ensuring that the activities comply with applicable group-wide policies and instructions and are supported by a clear decision-making hierarchy.

The risk and compliance functions make up the second line of defence. These units are independent from the business operations. The risk function is responsible for identifying, measuring, monitoring and reporting risks. Risks are measured both on detailed and aggregated levels. Internal measurement models have been developed for most of the credit portfolio as well as for market and non-financial risk, including regulatory compliance and the models have been approved by the Swedish FSA for calculating capital adequacy. Risks are controlled through limits at transactional, desk and portfolio levels. Asset quality and the risk profile are monitored continuously, such as through stress testing. The compliance function works proactively with quality assurance of SEB's compliance and focuses on matters such as customer protection, conduct in the financial market, prevention of money laundering and the financing of terrorism, and regulatory requirements and controls.

Internal Audit is the third line of defence. Risk management is regularly reviewed and evaluated by Internal Audit to ensure that it is adequate and effective. The internal auditors are in turn evaluated by the external auditor. Based on evaluations of the third line of defence, the processes in the first and second lines of defence are continuously strengthened. SEB's governance framework, sound risk culture and business acumen constitute the cornerstones of effective risk management.

Group Executive Committee (as from 1 January 2022)





	Johan Torgeby	Mats Torstendahl	Jonas Ahlström	Jeanette Almberg	Joachim Alpen
Position	President and CEO since 2017	Deputy President and CEO since 2021. Group Data Privacy Senior Manager since 2018, Group AML Senior Manager since 2021	Co-head of the Large Corporates & Financial Institutions division since 2021	Head of Group Human Resources since 2016	Executive Vice President. Co-head of the Large Corporates & Financial Institutions division since 2014
GEC member since	2014	2009	2020	2016	2014
SEB employee since	2009	2009	2005	2008	2001
Born	1974	1961	1978	1965	1967
Education	B.Sc. (Econ.)	M.Sc. (Engineering Physics)	M. Sc. (Business and Econ.)	B.Sc. (Econ.)	MBA, M.A. (International relations)
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	457,740 shares and share rights, of which 5,826 A shares, 195,005 share rights and 256,909 conditional share rights.	356,201 shares and share rights, of which 104,218 A shares, 57,606 share rights and 194,377 conditional share rights.	86,080 shares and share rights, of which 3,290 A shares, 30,646 share rights and 52,144 conditional share rights.	135,041 shares and share rights, of which 11,135 A shares, 32,130 share rights and 91,776 conditional share rights.	308,532 shares and share rights, of which 38,266 A shares, 100,315 share rights and 169,951 conditional share rights.





	Mats Holmström	Peter Kessiakoff	Nina Korfu-Pedersen	Ulrika Areskog Lilja	Nicolas Moch
Position	Chief Risk Officer since 2021	Acting Chief Financial Officer since 2021*	Head of Business Support & Operations since 2020	Head of Group Marketing and Communication since 2021	Chief Information Officer since 2018
GEC member since	2021	2021	2018	2021	2020
SEB employee since	1990	2016	2010	2021	2008
Born	1968	1986	1973	1975	1972
Education	Higher bank degree (SEB)	M.Sc (Business Admin)	Master of Business and Economics	M.Sc (Business Administration and Economics)	M.Sc.(Physics)
Nationality	Swedish	Swedish	Norwegian	Swedish	Swedish and French
Own and closely related persons' shareholdings	111,524 shares and share rights, of which 23,509 A shares, 198 C shares, 8,355 share rights and 79,462 conditional share rights.	45,412 shares and share rights, of which 241 A shares, 10,476 share rights and 34,695 conditional share rights.	74,977 shares and share rights, of which 1,278 A shares, 13, 838 share rights and 59,861 conditional share rights.	No shares or share rights.	59,520 shares and share rights, of which 241 A shares, 15,181 share rights and 44,098 conditional share rights.

*Masih Yazdi was active in the position of Chief Financial Officer until 8 December 2021. He is currently on leave of absence.

	William Paus	Jonas Söderberg	Petra Ålund	Niina Äikäs
Position	Executive Vice President. Head of Private Wealth Management & Family Office division since 2021	Head of Corporate & Private Customers division since 2021	Head of Group Technology since 2019. Group Outsourcing Senior Manager since 2020	Head of Baltic division since 2021
GEC member since	2018	2021	2020	2021
SEB employee since	1992	1999	2017	2008
Born	1967	1976	1967	1968
Education	M.Sc. (Econ.)	B.Sc. (Int. Business Administration)	M.Sc. (Int. Economics)	M.Sc (Tech.)
Nationality	Norwegian	Swedish	Swedish	Finnish and American
Own and closely related persons' shareholdings	260,103 shares and share rights, of which 52,900 A shares, 21,739 share rights, 11,648 phantom share rights and 173,816 conditional share rights.	83,418 shares and share rights, of which 31,136 A shares, 16,352 share rights and 35,930 conditional share rights.	40,203 shares and share rights, of which 5,586 A shares , 2,281 share rights and 32,336 conditional share rights.	79,488 shares and share rights, of which 17,968 A shares, 14,080 phantom share rights, 25,743 conditional share rights and 21,697 conditional phantom share rights.

Additional members of the Group Executive Committee

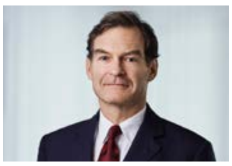
The President appoints additional members of GEC. They participate in GEC meetings from time to time to provide expertise and insight primarily in their respective areas of responsibility.

Country managers

	Johan Andersson	Anders Engstrand	Mark Luscombe	Marcus Nystén	John Turesson
Position	Country Manager SEB Germany since 2016	Country Manager SEB United Kingdom since 2020	Country manager SEB Denmark since 2021	Country Manager SEB Finland since 2010	Country Manager SEB Norway since 2018
SEB employee since	1980	1995	2010	1998	2006
Nationality	Swedish	Swedish	British and Danish	Finnish	Swedish

Heads of divisions / Key functions

	Heads of divisions		Key functions
	Javiera Ragnartz	David Teare	Hans Beyer
Position	Head of Investment Management division since 2019	Head of Life division since 2019	Chief Sustainability Officer since 2020
SEB employee since	2019	2006	2002
Nationality	Swedish	Canadian and British	Swedish

GEC changes in 2021: Jonas Ahlström replaced William Paus, Niina Äikäs replaced Jonas Ahlström, Ulrika Areskog Lilja replaced Karin Lepasoon, Mats Holmström replaced Magnus Agustsson. Magnus Carlsson was Deputy President and CEO and member of GEC during 2021.

Group Control functions

The Group Control functions are global control functions independent from the business activities. The three Group Control functions are i) the CRO function, ii) Group Compliance and iii) Group Internal Audit.

The CRO function

The CRO function is responsible for identifying, measuring, analysing and controlling SEB's risks and is independent from the business.

Mats Holmström
Chief Risk Officer

The Chief Risk Officer (CRO) is appointed by the Board and reports to the President. The CRO keeps the Board, RCC, ACC, GEC, ALCO, GESC and GRC regularly informed about risk matters. The CRO has global functional responsibility, and the activities of the CRO are governed by an instruction adopted by the Board. The CRO function is organised in three units: Group Risk, Group Credits and CRO Office.

The main objective for Group Risk is to ensure that all risks in SEB's activities are identified, measured, monitored and reported in accordance with external and internal rules. The unit also manages models for risk measurement. The CRO Office aggregates and analyses data across risk types and the Group's credit portfolios and handles general matters surrounding risk governance and risk disclosure.

Group Credits is responsible for the credit approval process, for certain individual credit decisions as well as for monitoring compliance with policies set by RCC and the Board. Its activities are regulated by the Group's Credit Instruction, adopted by the Board. The chairs of the respective divisional credit committees have the right to veto credit decisions. Material exceptions to the Group's Credit Policy must be escalated to a higher level in the decision-making hierarchy.

The Head of Group Risk and the Heads of Group Credits are appointed by the President, upon recommendation by the CRO, and report to the CRO.

→ For information about risk, liquidity and capital management, see p. 86.

Group Compliance

The Group Compliance function is responsible for informing, controlling and following up on compliance matters.

Gent Jansson
Head of Group Compliance

Group Compliance is independent from the business organisation. The Group Compliance function advises the business and management to ensure that SEB's business is carried out in compliance with regulatory requirements and thereby instil trust in the bank from customers, shareholders and the financial markets. Special areas of responsibility are:

- customer protection
- conduct in the financial market
- prevention of money laundering and financing of terrorism
- regulatory requirements and controls.

The Head of Group Compliance, who is appointed by the President after approval by ACC, reports regularly on compliance matters to the President, GEC and ACC, and annually to RCC and the Board. Based on an analysis of the Group's risks in this area, the President adopts, after approval by ACC, an annual compliance plan. The Instruction for Group Compliance is adopted by the Board.

Group Internal Audit

Group Internal Audit is a group-wide control function commissioned by the Board to independently evaluate the Group's activities. The Head of Group Internal Audit is appointed by the Board.

Björn Rosenkvist
Head of Group Internal Audit

The main task of Group Internal Audit is to evaluate and give assurance to the Board and the President that governance, risk management and internal controls are adequate and effective. The work is done with a risk-based approach in accordance with the Institute of Internal Auditors' methods.

Each year ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings to ACC and also provides reports to RCC and the Board. The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party.

Group Internal Audit coordinates its work covering the bank's financial reporting with the bank's external auditor. The bank's external auditor relies to some extent on the work of Group Internal Audit in its assignment to review the Group's financial reporting. This requires that the external auditor evaluates Group Internal Audit's work. The conclusion of this evaluation is reported to ACC and Group Internal Audit.

External Audit

Auditor

Born 1965. Lead Audit Partner since 2019. Authorised Public Accountant, member of FAR since 1992 and FAR Certified Financial Institution Auditor in Sweden.

Hamish Mabon
Auditor, Ernst & Young

Other major assignments
Skanska, Essity and ASSA ABLOY

Previous major assignments
Vattenfall, Hexagon, If P&C Insurance, SCA and Husqvarna

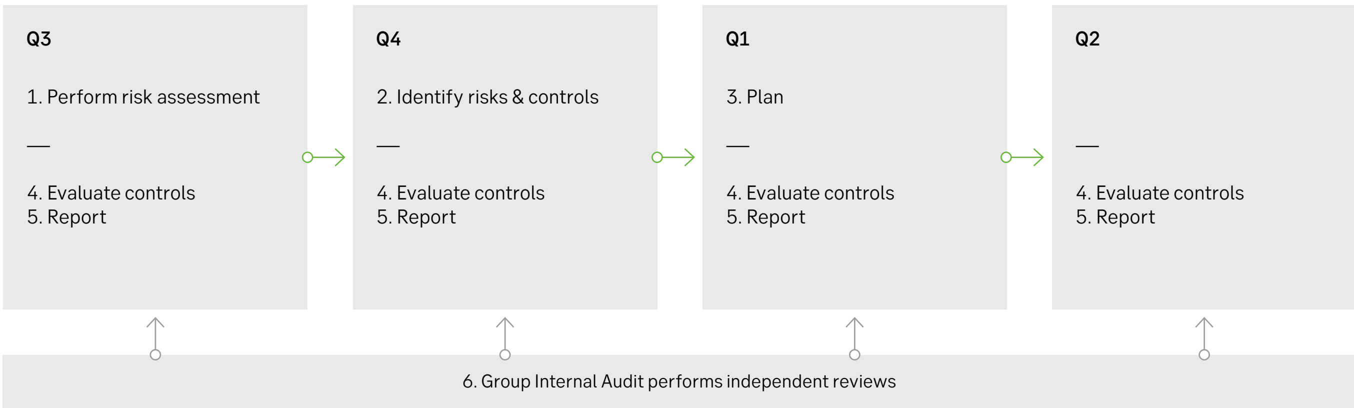
Information about the auditor
According to SEB's Articles of Association, the bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered auditing firm may also be appointed auditor. Ernst & Young AB was elected the bank's auditor in 2021 for the period up to and including the 2022 AGM.

→ The fees charged by the auditors for the auditing of the 2020 and 2021 financial statements and for other assignments invoiced during these periods are shown in note 9.

Internal control over financial reporting

Internal Control over Financial Reporting (ICFR) is a well-established process designed to provide reasonable assurance regarding the reliability of financial reporting and reduce the risk for misstatements. ICFR is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is applied by SEB in a yearly cycle.

ICFR is an integrated part of daily operations



1. Perform risk assessment
To identify and understand which risks that are relevant and material for the reporting process, financial results and balance sheets are analysed at SEB Group and unit levels. The outcome is used to determine which units, processes and systems are to be covered by the ICFR process in the coming year.

2. Identify risks and controls
People with expertise in the divisions and finance department evaluate if existing controls are effective, if new risks have been identified and if new controls need to be implemented to mitigate the identified material risks more effectively. The controls are communicated to involved parties within the bank in order to clarify expectations and responsibilities. The framework consists of group-wide controls as well as controls covering business processes and IT – such as analysis of the balance sheet and income statement, account reconciliations and controls of system access rights.

3. Plan
Every year a plan is prepared based on the risk assessments and identified controls. The plan clarifies who is responsible for evaluating the respective controls within each unit, what type of evaluation should be conducted and how the results are to be reported. At this stage the plan is coordinated with the audit plans of internal and external audit.

4. Evaluate controls
The controls are evaluated on a continuous basis throughout the year by the control owners through self-assessments. In this way the bank's weaknesses can be identified, compensating controls can be implemented and improvements can be made. Furthermore, reporting is done quarterly by financial managers to give an assurance of the reported figures from each unit. The evaluation describes material financial reporting risks and comments on material deviations compared with previous quarters.

5. Report
The result of the evaluations of controls are analysed to assess the risk for misstatements in the financial reporting. Monitoring reports are submitted on a quarterly basis to the CFO in connection with the quarterly external financial reporting. Reporting is also done quarterly to Group Internal Audit and yearly to the Audit and Compliance Committee (ACC).

The consolidated ICFR report includes a description of residual risk, an assessment of identified control gaps and whether they are compensated by other controls as well as progress within the remediation activities. The report contributes to transparency within SEB and enables prioritisation of improvement activities based on residual risk.

6. Independent review
In addition to this process, Group Internal Audit performs independent reviews of the ICFR framework.

Focus area 2021

In addition to the ongoing work during 2021, the following main area was in focus within the internal control framework:

- Implementation of new controls to secure compliance with the European Single Electronic Format, ESEF.

Remuneration

SEB aims to attract and retain ambitious employees who are eager to continuously develop, embrace new ways of working and contribute to the bank's long-term success. Remuneration is part of the total offering. The overall ambition is to promote long-term commitment to creating sustainable value for customers and shareholders.

Remuneration policy

SEB's remuneration principles and governance structure are laid out in the Remuneration Policy. The policy stipulates that remuneration shall be aligned with the bank's strategy, goals, values and long-term interests and ensure that conflicts of interest are avoided. This shall build value for both SEB and the shareholders while promoting the best interest of the customers, encourage high performance and risk-taking that is aligned with the level of risk tolerance set by the Board of Directors, and sound and responsible behaviour based on SEB's values.

An employee's remuneration shall reflect the complexity, responsibility and leadership qualities required of the role as well as the individual's own performance. SEB regularly evaluates employee performance and development based on transparent and individual financial and non-financial goals, among other things.

Employees in control functions shall be remunerated in a manner that is independent from the business areas they oversee, commensurate with their key roles, and be based on goals that are compatible with their functions.

The policy lays out the principles for identification and remuneration of employees in positions with a material impact on the Group's risk profile (Identified Staff). This also applies for employees who can impact the risk profiles of mutual funds, who provide investment advice, or who have a material impact on what services and products are offered. In 2021, a total of 917 positions (923) were categorised as Identified Staff.

The policy also sets the requirements for all remuneration decisions, both in general and at the individual level. All decisions are to be approved at least at a level corresponding to the remuneration-setting managers' manager (grandparent principle).

Remuneration structure

The bank's remuneration structure consists mainly of base salary, variable remuneration, and pension and other benefits.

Base salary

The base salary is the foundation of an employee's remuneration. It shall be market aligned and reflect the requirements on the position and the employee's long-term performance. SEB conducts annual equal pay reviews to identify and close potential gaps in terms of gender-neutral pay. The outcome of the review is published internally.

Variable remuneration

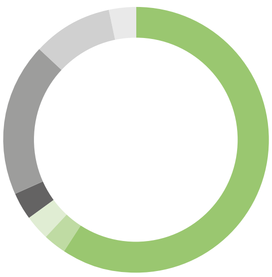
All variable remuneration is based on SEB's risk-adjusted performance and is adapted to applicable rules governing the maximum share of an employee's base salary, the deferred portion of remuneration, shares and fund units, and the right to withhold and reduce remuneration that has not yet been paid. For Identified Staff, variable remuneration may not exceed 100 per cent of their base salary.

The models for individual variable remuneration are based on financial and non-financial key performance indicators at group, unit and individual level, including an evaluation of the employees' conduct. Non-financial goals take into account factors such as customer satisfaction, compliance and sustainability performance related to, for example, the bank's own environmental impact and integration of sustainability risks into the business model. In 2021, SEB established new sustainability ambitions and goals for 2022 which will be part of the criteria for potential allocation of the programmes, as applicable. At the individual level, key parameters include compliance with rules and policies for risk-taking in the Group, SEB's Code of Conduct and the requirements on internal controls in the respective business area. Performance is evaluated over several years.

Collective profit-sharing

The largest variable remuneration programme is the SEB All Employee Programme 2021 (AEP), which covers essentially all employees. The programme's targets are linked to SEB's business plan and consist of the financial targets for return on equity and the bank's cost development, which are also communicated externally, and the non-financial target for customer satisfaction. The outcome for 2021 was determined to be 66.7 per cent (44.7) of the maximum amount, which in Sweden is SEK 75,000. The higher outcome compared with last year reflects the

Staff costs, 2021



SEK m	
Base salary	9,124
Equity-based programmes	414
Individual cash-based variable remuneration	458
All Employee Programme	550
Social charges	2,848
Pensions	1,489
Other staff costs	489
Total	**15,372**

All Employee Programmes (AEP)

	2021[1)]	2020[2)]
Number of participants	15,570	15,540
Outcome in relation to maximum amount[3)], %	66.7	44.7
Shares allotted, thousands	2,445	2,388
Market value per 31 December, SEK m	308	202
Total outcome per participant[4)], SEK	50,000	33,500

Payout year: 1) 2025 2) 2024 3) SEK 75,000 in Sweden 4) in Sweden.

SEB Restricted Share Programmes and Share Deferral Programmes

			2021			2020
	Restricted Share Programme	Share Deferral Programme	**Total**	Restricted Share Programme	Share Deferral Programme	**Total**
Number of participants	441	1,062	**1,503**	437	922	**1,359**
Shares allotted, thousands	926	3,063	**3,989**	1,350	4,182	**5,532**
Market value, 31 December, SEK m	117	385	**502**	114	353	**467**

Remuneration in SEB in 2021

SEK thousands

	Base salary	Cash-based variable remuneration	Expensed amount equity based programmes	Benefits	**Total**	Pensions
President and CEO Johan Torgeby[1)]	12,500		4,308	181	**16,989**	4,104
Other ordinary members of GEC[2)]	78,301		17,762	2,111	**98,174**	20,803
Total	**90,801**	**0**	**22,070**	**2,292**	**115,163**	**24,907**
SEB excluding GEC	9,032,808	735,574	664,778	59,984	**10,493,143**	1,464,163
SEB Total	**9,123,609**	**735,574**	**686,848**	**62,276**	**10,608,306**	**1,489,070**

1) Johan Torgeby did not exercise any share rights in 2021.
2) The number and composition of members may differ somewhat during the year. At the end of the year, the number of members was 14. During the year Other ordinary members of GEC have exercised rights to a value of SEK 38,407,139.

stronger financial result, an excellent customer satisfaction development and a cost level close to the set target. Also, the employees extraordinary efforts in supporting the customers and each other under severe conditions has been taken into account.

Individual variable remuneration

Senior managers, other key employees and employees in certain business units where it is standard market practice, are offered individual variable remuneration. The ambition is that part of the remuneration is deferred and paid out in SEB shares. Equity-based remuneration is a mean to attract and retain employees with key competence. It also provides an incentive for employees to be shareholders of SEB which promotes long-term commitment that is aligned with the shareholders' interests. In addition, financial industry regulations require that a portion of variable remuneration is paid out in the form of shares or fund units.

SEB has two individual equity-based programmes – the SEB Share Deferral Programme 2021 for members of the Group Executive Committee, certain other senior managers and a number of other key employees, and the SEB Restricted Share Programme 2021, for employees in certain business units. For regulatory reasons, the latter programme also exists in a form where the outcome is linked to the performance of mutual funds. Both programmes include scope for risk adjustment for current and future risks. The final outcome may subsequently be reduced or cancelled entirely in accordance with applicable rules, such as taking into account the bank's earnings and the capital and liquidity required for its operations. Approximately 12 per cent of employees are offered individual variable remuneration. Approximately 7 per cent of the employees – such as those in investment banking – receive variable remuneration with a cash component, but only in cases where it entails low or no residual risk for SEB. Variable remuneration above a certain level is always partly deferred and revocable.

In 2021, individual cash-based variable remuneration accounted for approximately 4 per cent (3) of SEB's total staff costs.

Remuneration of the President and members of the Group Executive Committee

Remuneration of the President and CEO as well as members of the Group Executive Committee (GEC) shall be in line with the guidelines set by the Annual General Meeting (AGM) and consists of base salary, equity-based remuneration (the SEB Share Deferral Programme), pension and other benefits. No cash-based variable remuneration is paid to members of GEC, nor are they eligible for the SEB All Employee Programme.

The pension plans are defined-contribution based, except for a defined-benefit component provided under collective agreements.

For termination of employment initiated by the bank, a maximum of 12 months' severance pay is payable, after the agreed notice period of maximum 12 months. SEB has the right to deduct income earned from other employment from any severance pay.

Annual General Meeting approval

The guidelines for salary and other remuneration of the President and CEO as well as GEC are adopted by the Annual General Meeting which also adopts the remuneration report. Refer to sebgroup.com for the 2021 remuneration report.

Governance model

Remuneration policy and remuneration structure

- **Group Risk and Group Compliance** – provide risk analysis.
- **Risk and Capital Committee (RCC)** – reviews to verify that the remuneration structure takes into account SEB's risks, long-term earnings capacity and cost of liquidity and capital.
- **RemCo** – evaluates and recommends policy.
- **Board of Directors** – annually reviews and adopts policy.

Equity-based programmes

- **RemCo** – prepares.
- **Board of Directors** – proposes.
- **Annual General Meeting** – decides on the equity-based programmes.

Remuneration guidelines for the President and CEO as well as GEC

- **RemCo** – evaluates on a continuous basis throughout the year.
- **External auditor** – issues a statement to the Board, prior to the AGM, assuring that SEB has adhered to the guidelines that applied during the year.
- **Board of Directors** – proposes.
- **Annual General Meeting** – adopts the guidelines.

Remuneration of the President and CEO as well as GEC

- **Head of Group HR and**, for GEC, also **the President and CEO** – ensure to RemCo, that remuneration is competitive and market aligned. External analyses are also performed yearly.
- **RemCo** – evaluates and recommends.
- **Board of Directors** – decides on remuneration to the President and CEO as well as to GEC.

→ For information on remuneration see RemCo p. 99 and note 8. For AGM information see sebgroup.com.

Financial statements

Contents

Income statement

SEB Group

SEKm	Note	2021	2020
Interest income[1]		*33,225*	*37,578*
Interest expense[2]		*–6,904*	*–12,435*
Net interest income	4	26,321	25,143
Fee and commission income		*26,129*	*22,933*
Fee and commission expense		*–4,987*	*–4,870*
Net fee and commission income	5	21,142	18,063
Net financial income	6	6,992	6,275
Dividends		*1*	*0*
Profit and loss from investments in associates and joint ventures		*33*	*68*
Gains less losses from investment securities		*13*	*–33*
Other operating income		*112*	*202*
Net other income	7	159	236
Total operating income		**54,614**	**49,717**
Staff costs	8	–15,372	–14,976
Other expenses	9	–5,763	–5,864
Depreciation, amortisation and impairment of tangible and intangible assets	10	–2,110	–1,906
Total operating expenses		**–23,245**	**–22,747**
Profit before credit losses		**31,368**	**26,970**
Gains less losses from tangible and intangible assets	11	5	–7
Net expected credit losses	12	–510	–6,118
Operating profit before items affecting comparability		**30,864**	**20,846**
Items affecting comparability	13		–1,000
Operating profit		**30,864**	**19,846**
Income tax expense	15	–5,441	–4,100
NET PROFIT		**25,423**	**15,746**
Attributable to shareholders in Skandinaviska Enskilda Banken AB (publ)		25,423	15,746
Basic earnings per share, SEK	16	11.75	7.28
Diluted earnings per share, SEK	16	11.67	7.23

1) Of which interest income calculated using the effective interest method SEK 27,752m (30,966).
2) Of which interest expense calculated using the effective interest method SEK 5,675m (11,615).

Statement of comprehensive income

SEB Group

SEK m	2021	2020
NET PROFIT	**25,423**	**15,746**
Valuation gains (losses) during the year	36	−72
Income tax on valuation gains (losses) during the year	−7	10
Cash flow hedges	**29**	**−62**
Translation of foreign operations	397	−534
Taxes on translation effects	282	−537
Translation of foreign operations	**680**	**−1,070**
Items that may be reclassified subsequently to profit or loss	**708**	**−1,132**
Own credit risk adjustment (OCA), net of tax[1]	**14**	**−70**
Remeasurement of pension obligations, including special salary tax	3,745	−188
Valuation gains (losses) on plan assets during the year	13,964	2,487
Deferred tax on pensions	−3,648	−460
Defined benefit plans	**14,061**	**1,839**
Items that will not be reclassified to profit or loss	**14,075**	**1,769**
OTHER COMPREHENSIVE INCOME	**14,783**	**637**
TOTAL COMPREHENSIVE INCOME	**40,206**	**16,383**

1) Own credit risk adjustment from financial liabilities FVTPL.

Attributable to shareholders in Skandinaviska Enskilda Banken AB (publ)	40,206	16,383

The method used to hedge currency risks related to investments in foreign subsidiaries creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impact the taxable result contrary to the currency revaluation of the foreign operations. In the group this tax effect is reported in Other comprehensive income.

Balance sheet

SEB Group

SEKm	Note	31 Dec 2021	31 Dec 2020
Cash and cash balances at central banks	17	439,344	323,776
Loans to central banks	18	4,454	3,633
Loans to credit institutions	18	60,009	50,791
Loans to the public	18	1,846,362	1,770,161
Debt securities	19	205,950	265,433
Equity instruments	20	120,742	82,240
Financial assets for which the customers bear the investment risk		422,497	330,950
Derivatives	21	126,051	164,909
Fair value changes of hedged items in a portfolio hedge of interest rate risk			496
Investments in subsidiaries, associates and joint ventures	22	1,510	1,272
Intangible assets	23	7,466	7,808
Properties and equipment	24	1,212	1,286
Right-of-use assets	49	5,079	5,141
Current tax assets	15	15,359	6,070
Deferred tax assets	15	675	444
Retirement benefit assets	8 b	23,804	7,287
Other assets	25	21,001	16,494
Prepaid expenses and accrued income	26	2,714	2,242
TOTAL ASSETS		**3,304,230**	**3,040,432**
Deposits from central banks and credit institutions	27	75,206	111,309
Deposits and borrowing from the public	27	1,597,449	1,371,227
Financial liabilities for which the customers bear the investment risk	28	424,226	332,392
Liabilities to policyholders	28	34,623	29,624
Debt securities issued	29	730,106	749,502
Short positions	30	34,569	30,409
Derivatives	21	118,173	161,561
Other financial liabilities		5,721	744
Fair value changes of hedged items in a portfolio hedge		702	
Current tax liabilities	15	1,384	993
Deferred tax liabilities	15	10,354	7,212
Other liabilities	31	42,886	34,616
Accrued expenses and prepaid income	32	5,848	5,208
Provisions	33	761	990
Retirement benefit liabilities	8 b	445	414
Subordinated liabilities	34	28,549	32,287
Total liabilities		**3,111,002**	**2,868,489**
Share capital		*21,942*	*21,942*
Other reserves		*18,996*	*4,040*
Retained earnings		*152,290*	*145,961*
Shareholders' equity		193,228	171,943
Total equity		**193,228**	**171,943**
TOTAL LIABILITIES AND EQUITY		**3,304,230**	**3,040,432**

Statement of changes in equity

SEB Group

SEKm		Other reserves					
2021	Share capital[3]	OCA[5]	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Retained earnings	Total equity[4]
Opening balance	21,942	–236	–47	–1,241	5,737	145,788	**171,943**
Net profit						25,423	**25,423**
Other comprehensive income (net of tax)		14	29	680	14,061		**14,783**
Total comprehensive income		**14**	**29**	**680**	**14,061**	**25,423**	**40,206**
Dividend to shareholders[1]						–17,740	**–17,740**
Equity-based programmes[2]						195	**195**
Change in holding of own shares[2]						–1,376	**–1,376**
CLOSING BALANCE	**21,942**	**–223**	**–18**	**–561**	**19,798**	**152,290**	**193,228**
2020							
Opening balance[6]	21,942	–166	15	–170	3,898	130,182	**155,700**
Net profit						15,746	**15,746**
Other comprehensive income (net of tax)		–70	–62	–1,070	1,839		**637**
Total comprehensive income		**–70**	**–62**	**–1,070**	**1,839**	**15,746**	**16,383**
Equity-based programmes[2]						–142	**–142**
Change in holding of own shares[2]						2	**2**
CLOSING BALANCE[6]	**21,942**	**–236**	**–47**	**–1,241**	**5,737**	**145,788**	**171,943**

1) No dividend was paid in 2020 for 2019. Dividend paid in 2021 for 2020 comprise of ordinary dividend of SEK 4.10 per share decided by the Annual General Meeting and a further ordinary dividend of SEK 4.10 per share decided by the Extraordinary General Meeting in November 2021. Proposed dividend for 2021 is SEK 6.00. Further information can be found on page 76. Dividend to shareholders is reported excluding dividend on own shares.
2) During 2020, SEB repurchased 10.9 million Class A shares. As at 31 December 2020 SEB, owned 32.2 million Class A shares with a market value of SEK 2,722m. During 2021 SEB has purchased 2,909,266 shares for the long-term equity programmes and 7,517,408 shares have been sold/distributed. During 2021 SEB has purchased 10,171,296 shares for capital purposes. Thus, at 31 December 2021 SEB owned 37,774,605 Class A shares with a market value of SEK 4,754m. Acquisition cost SEK –361m (78), for the purchase of own shares for long-term equity programmes is deducted from shareholders' equity, at the year-end the value of SEK 2,458m (2,820) was deducted.
3) 2,170,019,294 Class A shares (2,170,019,294); 24,152,508 Class C shares (24,152,508), both classes with a nominal value of SEK 10 per share.
4) Information about capital requirements can be found in note 41 Capital adequacy.
5) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk.
6) Opening balance 2020 restated following adjustment of OCA.

Cash flow statement

SEB Group

SEKm	2021	2020
Interest received	33,406	38,630
Interest paid	−7,885	−13,906
Commission received	26,129	22,933
Commission paid	−4,987	−4,870
Net received from financial transactions	−8,831	19,621
Other income	1	237
Paid expenses	−23,694	−23,588
Taxes paid	−14,338	−4,392
Cash flow from the income statement	−199	34,664
Increase (−)/decrease (+) in trading portfolios	35,465	−18,792
Increase (+)/decrease (−) in issued securities	−17,662	−109,525
Increase (−)/decrease (+) in lending to credit institutions and central banks	−11,136	−8,169
Increase (−)/decrease (+) in lending to the public	−80,296	58,177
Increase (+)/decrease (−) in liabilities to credit institutions	−36,104	23,332
Increase (+)/decrease (−) in deposits and borrowings from the public	226,218	209,908
Increase (−)/decrease (+) in insurance portfolios	287	644
Change in other assets	−18,293	−469
Change in other liabilities	32,012	545
Cash flow from operating activities	**130,291**	**190,316**
Sales of shares and bonds	28	20
Sales of intangible and tangible fixed assets	7	4
Dividends received	1	0
Investments in shares and bonds	−238	−275
Investments in intangible and tangible assets	−644	307
Cash flow from investing activities	**−846**	**56**
Issue of subordinated liabilities	5,571	
Repayment of subordinated loans	−10,057	−10,257
Dividend paid	−17,740	
Cash flow from financing activities	**−22,227**	**−10,257**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**107,218**	**180,116**

Cash and cash equivalents at beginning of year	331,247	159,335
Change in exchange rates on cash and cash equivalents	7,251	−8,203
Net changes in cash and cash equivalents	107,218	180,116
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1) 2)]	**445,716**	**331,247**

[1)] Cash and cash equivalents

Cash	2,157	2,155
Cash balances at central banks	437,187	321,621
On demand deposits with credit institutions	6,372	7,471
TOTAL	**445,716**	**331,247**

2) Of which SEK 7,261m (4,991) not available for use by the group due to local central bank regulations.

Cash outflow from leasing, where SEB is lessee, amounts to SEK 963m (949).

Reconciliation of liabilities from financing activities

Opening balance	32,287	44,639
Cash flows	−4,487	−10,257
Non-cash flow, currency exchange	1,432	−2,427
Non-cash flow, fair value changes	−549	438
Non-cash flow, interest accruals	−135	−106
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	**28,549**	**32,287**

Income statement

Parent company

SEK m	Note	2021	2020
Interest income		*27,737*	*31,460*
Leasing income		*5,268*	*5,365*
Interest expense		*–5,758*	*–11,118*
Net interest income	4	27,247	25,707
Dividends received		2,596	3,121
Fee and commission income		*15,553*	*13,734*
Fee and commission expense		*–3,210*	*–3,036*
Net fee and commission income	5	12,343	10,698
Net financial income	6	4,882	5,297
Other income	7	1,330	411
Total operating income		**48,397**	**45,234**
Staff costs	8	*–10,830*	*–11,168*
Other expenses	9	*–5,377*	*–6,204*
Administrative expenses		–16,207	–17,372
Depreciation, amortisation and impairment of tangible and intangible assets	10	–5,644	–5,683
Total operating expenses		**–21,851**	**–23,055**
Profit before credit losses		**26,547**	**22,179**
Net expected credit losses	12	–744	–5,550
Impairment of financial assets		–1,911	–220
Operating profit		**23,892**	**16,409**
Appropriations	14	3,839	2,390
Income tax expense	15	–5,332	–4,636
Other taxes	15	352	451
NET PROFIT		**22,751**	**14,614**

Statement of comprehensive income

Parent company

SEK m	2021	2020
NET PROFIT	**22,751**	**14,614**
Valuation gains (losses) during the year	36	–72
Income tax on valuation gains (losses) during the year	–7	10
Cash flow hedges	**29**	**–62**
Translation of foreign operations	98	–158
Translation of foreign operations	**98**	**–158**
Items that may be reclassified subsequently to profit or loss	**127**	**–220**
OTHER COMPREHENSIVE INCOME	**127**	**–220**
TOTAL COMPREHENSIVE INCOME	**22,878**	**14,394**

The method used to hedge currency risks related to investments in foreign subsidiaries creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impact the taxable result contrary to the currency revaluation of the foreign operations. In the group this tax effect is reported in Other comprehensive income.

Balance sheet

Parent company

SEKm	Note	31 Dec 2021	31 Dec 2020
Cash and cash balances at central banks	17	371,466	294,391
Loans to central banks	18	4,127	3,537
Loans to credit institutions	18	70,207	67,490
Loans to the public	18	1,641,332	1,569,310
Debt securities	19	178,441	239,928
Equity instruments	20	96,149	63,825
Derivatives	21	121,326	159,380
Fair value changes of hedged items in a portfolio hedge of interest rate risk		0	496
Investments in subsidiaries, associates and joint ventures	22	51,231	47,285
Intangible assets	23	1,714	1,776
Properties and equipment	24	26,126	28,045
Current tax assets	15	1,915	2,516
Deferred tax assets	15	403	185
Other assets	25	20,580	16,418
Prepaid expenses and accrued income	26	2,818	2,527
TOTAL ASSETS		**2,587,834**	**2,497,110**
Deposits from central banks and credit institutions	27	85,276	147,831
Deposits and borrowing from the public	27	1,404,490	1,198,833
Debt securities issued	29	730,028	749,415
Short positions	30	34,569	30,409
Derivatives	21	113,497	157,529
Other financial liabilities		6,422	744
Current tax liabilities	15	801	376
Deferred tax liabilities	15	0	0
Other liabilities	31	25,610	23,601
Accrued expenses and prepaid income	32	3,941	3,399
Provisions	33	636	640
Subordinated liabilities	34	27,649	31,837
Total liabilities		**2,432,921**	**2,344,614**
Untaxed reserves	35	**17,137**	**18,628**
Share capital		*21,942*	*21,942*
Statutory reserve		*12,260*	*12,260*
Development cost reserve		*1,565*	*1,474*
Fair value reserve		*–353*	*–480*
Retained earnings		*79,612*	*84,058*
Net profit		*22,751*	*14,614*
Total equity		**137,776**	**133,868**
TOTAL LIABILITIES AND EQUITY		**2,587,834**	**2,497,110**

Statement of changes in equity

Parent company

SEK m	Restricted equity			Non-restricted equity[4]			
2021	Share capital[3]	Statutory reserve	Development cost reserve	Cash flow hedges[5]	Translation of foreign operations[5]	Retained earnings	Total Equity
Opening balance	21,942	12,260	1,474	−47	−432	98,671	**133,868**
Net profit						22,751	**22,751**
Other comprehensive income (net of tax)				29	98		**127**
Total comprehensive income				**29**	**98**	**22,751**	**22,878**
Dividend to shareholders[1]						**−17,740**	**−17,740**
Equity-based programmes[2]						132	**132**
Change in holding of own shares[2]						−1,376	**−1,376**
Other changes			91			−75	**16**
CLOSING BALANCE	**21,942**	**12,260**	**1,565**	**−19**	**−335**	**102,363**	**137,776**

2020	Share capital[3]	Statutory reserve	Development cost reserve	Cash flow hedges[5]	Translation of foreign operations[5]	Retained earnings	Total Equity
Opening balance	21,942	12,260	1,391	15	−274	83,202	**118,535**
Net profit						14,614	**14,614**
Other comprehensive income (net of tax)				−62	−158		**−220**
Total comprehensive income				**−62**	**−158**	**14,614**	**14,394**
Equity-based programmes[2]						−211	**−211**
Change in holding of own shares[2]						2	**2**
Other changes			83			1,064	**1,147**
CLOSING BALANCE	**21,942**	**12,260**	**1,474**	**−47**	**−432**	**98,671**	**133,868**

1) No dividend was paid in 2020 for 2019. Dividend paid in 2021 for 2020 comprise of ordinary dividend of SEK 4.10 per share decided by the Annual General Meeting and a further ordinary dividend of SEK 4.10 per share decided by the Extraordinary General Meeting in November 2021. Proposed dividend for 2021 is SEK 6.00. Further information can be found on page 76. Dividend to shareholders is reported excluding dividend on own shares.
2) During 2020, SEB repurchased 10.9 million Class A shares. As at 31 December 2020, SEB owned 32.2 million Class A shares with a market value of SEK 2,722m. During 2021 SEB has purchased 2,909,266 shares for the long-term equity programmes and 7,517,408 shares have been sold/distributed. During 2021 SEB has purchased 10,171,296 shares for capital purposes. Thus, at 31 December 2021 SEB owned 37,774,605 Class A shares with a market value of SEK 4,754m. Acquisition cost SEK −361m (78) for the purchase of own shares for long-term equity programmes is deducted from shareholders' equity, at the year-end the value of SEK 2,458m (2,820) was deducted.
3) 2,170,019,294 Class A shares (2,170,019,294); 24,152,508 Class C shares (24,152,508), both classes with a nominal value of SEK 10 per share.
4) The closing balance is equivalent to Distributable items according to Regulation (EU) No 575/2013 (CRR).
5) Fair value fund.

Cash flow statement

Parent company

SEKm	2021	2020
Interest received	30,526	36,112
Interest paid	−4,116	−10,843
Commission received	15,397	13,592
Commission paid	−3,121	−2,914
Net received from financial transactions	−10,182	17,030
Other income	−2,086	−197
Paid expenses	−16,089	−16,702
Taxes paid	−3,161	−3,544
Cash flow from the profit and loss statement	7,167	32,534
Increase (−)/decrease (+) in trading portfolios	44,689	−18,440
Increase (+)/decrease (−) in issued securities	−17,425	−108,922
Increase (−)/decrease (+) in lending to credit institutions	−5,620	2,913
Increase (−)/decrease (+) in lending to the public	−74,918	24,680
Increase (+)/decrease (−) in liabilities to credit institutions	−62,558	21,003
Increase (+)/decrease (−) in deposits and borrowings from the public	205,629	225,058
Change in other assets	−6,157	−3,160
Change in other liabilities	4,046	928
Cash flow from operating activities	**94,854**	**176,595**
Dividends received	2,403	3,091
Investments/divestments in shares and bonds	−3,946	3,357
Investments in intangible and tangible assets	−563	−673
Cash flow from investment activities	**−2,106**	**5,774**
Issue of subordinated liabilities	4,961	
Repayment of subordinated liabilities	−10,124	−10,742
Dividend paid	−17,740	
Cash flow from financing activities	**−22,904**	**−10,742**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**69,845**	**171,627**
Cash and cash equivalents at beginning of year	300,673	135,598
Change in exchange rates on cash and cash equivalents	6,439	−6,552
Net changes in cash and cash equivalents	69,845	171,627
CASH AND CASH EQUIVALENTS AT END OF PERIOD [1) 2)]	**376,957**	**300,673**

1) Cash and cash equivalents

	2021	2020
Cash	2	11
Cash balances at central banks	371,465	294,380
On demand deposits with credit institutions	5,491	6,282
TOTAL	**376,957**	**300,673**

2) Of which SEK 5,083m (3,317) not available for use by the parent company due to local central bank regulations.

Reconciliation of liabilities from financing activities

	2021	2020
Opening balance	31,837	44,189
Cash flows	−5,164	−10,742
Non-cash flow, currency exchange	1,659	−1,942
Non-cash flow, fair value changes	−550	438
Non-cash flow, interest accruals	−134	−107
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	**27,649**	**31,837**

Notes to the financial statements

SEKm, unless otherwise stated.

Corporate information

The SEB Group provides corporate, retail, investment and private banking services. The group also provides asset management and life insurance services.

Skandinaviska Enskilda Banken AB (publ) is the parent company of the group. The parent company is a Swedish limited liability company with its registered office in Stockholm, Sweden.

The parent company is included in the Large Cap segment of the NASDAQ Stockholm stock exchange.

The consolidated accounts for the financial year 2021 were approved for publication by the Board of Directors on 21 February and will be presented for adoption at the 2022 Annual General Meeting.

Mandatory information

Name of reporting entity	Skandinaviska Enskilda Banken AB (publ)
Domicile of entity	Stockholm
Legal form of entity	Public limited company
Country of incorporation	Sweden
Address of entity's registered office	Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden
Principal place of business	Sweden
Description of nature of entity's operations and principal activities	Bank and Insurance
Name of parent entity	Skandinaviska Enskilda Banken AB (publ)
Name of ultimate parent of group	Skandinaviska Enskilda Banken AB (publ)

Exchange rates used for converting main currencies in the group consolidation

	Income statement			Balance sheet		
	2021	2020	Change, %	2021	2020	Change, %
DKK	1.364	1.407	–3	1.377	1.352	2
EUR	10.145	10.487	–3	10.241	10.057	2
NOK	0.998	0.979	2	1.027	0.955	8
USD	8.582	9.204	–7	9.036	8.186	10

1 Accounting policies

Significant accounting policies for the group

Statement of compliance

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 EU. The accounting also follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). In addition to this the Supplementary Accounting Rules for groups RFR 1 and the additional UFR statements issued by the Swedish Financial Reporting Board have been applied.

Basis of preparation

The consolidated accounts are based on amortised cost, except for the fair value measurement of financial assets at fair value through other comprehensive income, financial assets and liabilities measured at fair value through profit or loss including derivatives and investment properties measured at fair value. The carrying amount of financial assets and liabilities subject to hedge accounting at fair value has been adjusted for changes in fair value attributable to the hedged risk. The financial statements are presented in million Swedish kronor (SEKm) unless indicated otherwise.

Consolidation

Subsidiaries

The consolidated accounts combine the financial statements of the parent company and its subsidiaries. Subsidiaries are companies, over which the group has control. The group controls an entity when it has power over an investee, is exposed to, or has rights to, variable returns from its involvement and has the ability to use its power to affect the amount of the returns. Control is deemed to exist when the parent company holds, directly or indirectly, more than 50 per cent of the voting rights, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities of the entity. Companies in which the parent company or its subsidiaries hold more than 50 per cent of the votes but are unable to exercise control due to contractual or legal reasons, are not included in the consolidated accounts. The group also assesses if control exists when it holds less than 50 per cent of the voting rights. This may arise if the group has contractual arrangements with other vote holders. The size and dispersion of holdings of other vote holders may also indicate that the group has the practical ability to direct the relevant activities of the investee.

When voting rights are not relevant in deciding who has power over an entity, such as interests in some funds or special purpose entities (SPE), all facts and circumstances are considered in determining if the group controls the entity. In the assessment whether to consolidate SPEs and other entities, an analysis is made to identify which party has power over the activities which most affects the returns of the entity and if that party is significantly exposed or have significant rights to the returns from that entity.

The financial statements of the parent company and the consolidated subsidiaries refer to the same period and have been drawn up according to the accounting policies applicable to the group. A subsidiary is included in the consolidated accounts from the time of acquisition, being the date when the parent company gains control over the subsidiary. The subsidiary is included in the consolidated accounts until the date when control over the company ceases to exist.

Business combination are accounted for using the acquisition method. The acquisition value is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on acquisition date, irrespective of any non-controlling interest. The excess of the consideration transferred for the acquisition over the fair value of the group's share of the identifiable acquired net assets is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly against profit or loss.

Goodwill is allocated between the cash-generating units or groups of units which are expected to generate cash flows. The cash-generating units to which goodwill is allocated correspond to the lowest level within the group in which goodwill is monitored for internal management purposes.

Intra-group transactions, balance sheet items and unrealised gains and losses on transactions between group companies are eliminated. The non-controlling interest of the profit or loss in subsidiaries is included in the reported net profit in the consolidated income statement, while the non-controlling share of net assets is included in equity in the consolidated balance sheet.

Associated companies and joint ventures

The consolidated accounts also include associated companies and joint ventures that are companies in which the group has significant influence or joint control, but not sole control. Significant influence means that the group can participate in the financial and operating policy decisions of the company, whilst not determining or controlling such financial and operating policies. A significant influence is generally deemed to exist if the group, directly or indirectly, holds between 20 and 50 per cent of the voting rights of an entity. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

According to the main principle, associated companies and joint ventures are consolidated in accordance with the equity method. This means that the holding is initially reported at its acquisition cost. Associated companies and joint ventures are subsequently carried at a value that corresponds to the group's share of the net assets. However, the group has chosen to designate investments in associates held by the group's venture capital organisation at fair value through profit or loss on the basis that these are managed and evaluated based on fair value.

Segment reporting

An operating segment is identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The business divisions are identified as separate operating segments, considering size and regulatory environment. Investment Management & Group functions consists of Investment Management, business support, treasury, staff units and German run-off operations. In the context of defining the segments the President and Chief Executive Officer (CEO) is the group's chief operating decision maker.

Foreign currency translation

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. On subsequent balance sheet dates monetary items in foreign currency are translated using the closing rate. Non-monetary items, which are measured in terms of historical cost in foreign currency, are translated using the exchange rate on the date of the transaction. Non-monetary items, which are measured at fair value in a foreign currency, are translated applying the exchange rate on the date on which the fair value is determined.

Gains and losses arising as a result of exchange rate differences on settlement or translation of monetary items are recognised in profit or loss. Translation differences on non-monetary items, classified as financial assets or financial liabilities at fair value through profit or loss, are included in the change in fair value of those items. Translation differences from non-monetary items, e.g. financial assets at fair value through other comprehensive income, are recognised in other comprehensive income. Exchange rate differences referring to monetary items comprising part of a net investment in a foreign operation are reported in other comprehensive income.

The income statements and balance sheets of group entities, with a functional currency other than the group's presentation currency, are translated to SEK in the consolidated accounts. Assets and liabilities in foreign group entities are translated at the closing rate and income and expenses in the income statement are translated at the average exchange rate for the year. The exchange rate differences are recognised as a separate component of other comprehensive income.

Goodwill arising in conjunction with acquisitions of foreign group entities, as well as adjustments to the fair value of assets and liabilities made in conjunction with acquisitions are included in the assets and liabilities of the foreign entity in question and are translated at the closing rate.

Financial assets and liabilities

Financial assets are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets at fair value through profit or loss where transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired, the group has transferred substantially all risks and rewards and upon substantial modification. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions. Financial assets at fair value are recognised on the balance sheet on trade date, with exception of loans and reversed repos which are recognised on settlement date. Financial assets measured at amortised cost are recognised on settlement date.

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value. Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Classification of financial assets and liabilities

The group classifies and subsequently measures its financial assets in the following categories: financial instruments at fair value through profit or loss; fair value through other comprehensive income and amortised cost. The classification will depend on if the financial asset is a debt instrument, an equity instrument or a derivative.

Debt instruments (Loans and debt securities)

The classification is based on a combination of assessing the business model for managing the financial assets and whether the contractual cash flow characteristics consist of solely payments of principal and interest ('SPPI'). The business model assessment is performed for homogenous portfolios identified based on how the business is managed in the divisions of the group. The assessment is based on reasonable scenarios taking into consideration how the portfolio is evaluated and reported to management; the risks affecting the performance of the portfolio and how these risks are managed; how managers are compensated; and the frequency, value and timing of sales including the reasons for the sales. In determining if the cash flows consist solely of principal and interest, the principal is defined as the fair value of the debt instrument at initial recognition, which can change over the life if there are repayments or capitalisation of interest. Interest cash flows are consistent with components with a basic lending arrangement including consideration for time value of money, credit risk, liquidity risk as well as administrative costs and profit margin. If there are contractual features introducing an exposure to other risks or volatility, it is not considered to consist of solely payments of principal and interest. Debt instruments are presented in the balance sheet items; Cash and cash balances at central banks, Loans to credit institutions, Loans to the public and Debt securities, and include instruments in the following measurement categories.

Fair value through profit or loss: Debt instruments are classified in this category if not meeting the criteria for amortised cost or fair value through other comprehensive income. This is the case if the business model is held for trading; where financial assets are considered held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Debt instruments are mandatorily measured at fair value through profit or loss if the assets are managed and evaluated on a fair value basis or the assets are held with an intention to sell alternatively if the cash flows do not consist of solely payments of principal and interest. Debt instruments that would otherwise be classified as fair value through other comprehensive income or amortised cost are also included in this category if, upon initial recognition, designated at fair value through profit or loss (fair value option). The fair value option can be applied only in situations where such designation reduces measurement inconsistencies.

Fair value through other comprehensive income: Debt instruments are classified in this category if both of the following criteria are met (a) the business model objective is to both hold assets to collect contractual cash flows and to sell the assets (b) the contractual cash flow characteristics consist of solely payments of principal and interest. The assets are measured at fair value and gains and losses arising from changes in fair value are reported in other comprehensive income and accumulated in equity. The cumulative gain or loss is reclassified from equity to profit or loss upon derecognition of the debt instrument. Interest calculated by applying the effective interest method on interest-bearing financial assets and expected credit losses are recognised in profit or loss.

Amortised cost: Debt instruments are classified in this category if both of the following criteria are met (a) the business model objective is to hold assets to collect contractual cash flows and (b) the contractual cash flow characteristics consist of solely payments of principal and interest. The gross carrying amount of these assets is measured using the effective interest method and adjusted for expected credit losses.

Equity instruments

Equity instruments are classified as financial assets at fair value through profit or loss. An irrevocable election can be made on initial recognition to classify equity instruments (not held for trading) at fair value through other comprehensive income. This election has not been applied in the group.

Derivatives

Derivatives are classified as fair value through profit or loss (held for trading) unless designated as hedging instruments. If designated as hedging instruments, the principles for hedge accounting are applied.

Financial liabilities

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). Changes in fair value are recognised in profit or loss within Net financial income, with the exception of changes in fair value due to changes in the group's own credit risk. Such changes are presented in other comprehensive income, with no subsequent reclassification to the income statement. The fair value option can be applied for classification of financial liabilities if meeting either of the following criteria; the contracts include one or more embedded derivatives, the instruments are managed and evaluated on a fair value basis or in situations where such designation reduces measurement inconsistencies. Liabilities to policyholders and some debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equity instruments and derivatives not designated as hedging instruments.

Other financial liabilities: The category other financial liabilities primarily include the group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The balance sheet items Deposits from central banks and credit institutions, Deposits and borrowings from the public and Debt securities issued are included in this category.

Embedded derivatives
Some combined contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. If the host contract is a financial asset in scope of IFRS 9 *Financial Instruments*, the contract is assessed for classification in its entirety and the embedded derivative is not separated. For other hybrid instruments (i.e. the host contract is not a financial asset in scope of IFRS 9) where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement. This does not apply if the host contract is carried at fair value through profit or loss.

Certain combined instruments are classified as financial liabilities at fair value through profit or loss according to the fair value option. The designation implies that the entire combined instrument is measured at fair value through profit and loss.

Offsetting financial transactions
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legal right to offset transactions and an intention to settle net or realise the asset and settle the liability simultaneously.

Repurchase agreements
Securities may be lent or sold subject to a commitment to repurchase them (a 'repo') at a fixed price and at a predetermined date. Such securities are retained on the balance sheet and in addition included separately as collateral pledged for own liabilities when cash consideration is received. Depending on the counterparty, payment received is recognised under Deposits by credit institutions or as Deposits and borrowing from the public.

Similarly, where the group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo'), the securities are not included in the balance sheet. Payments made are recognised as Loans to credit institutions or as Loans to the public.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method.

Securities borrowing and lending
Securities borrowing and lending transactions are entered into on a collateralised basis. Fair values of securities received or delivered are monitored on a daily basis to require or provide additional collateral. Cash collateral delivered is derecognised from the balance sheet and a corresponding receivable is recognised. Cash collateral received is recognised in the balance sheet and a corresponding obligation to return it, is recognised. Securities lent remain on the balance sheet and are in addition reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold (short position), an amount corresponding to the fair value of the securities is booked as a liability. Securities received in a borrowing or lending transaction are disclosed as obligations.

Modification
The group may renegotiate loans and modify contractual terms. If the new terms are substantially different from the original terms, the group derecognises the original financial asset and recognises a new asset. The group also assesses whether the new financial asset is credit-impaired at initial recognition. If the terms are not substantially different, the modification does not result in derecognition and the group recalculates the gross carrying amount based on the new cash flows using the original effective interest rate of the financial asset and recognises a modification gain or loss.

Fair value measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances is used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When valuing financial liabilities at fair value the group's own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments. In addition, portfolio adjustments are made to cover market risks and the credit risk of each of the counterparties on groups of financial assets and liabilities on the basis of the net exposure to these risks. When assets and liabilities have offsetting market risks, mid-market prices are used for establishing fair value of the risk positions that offset each other. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart.

Impairment of financial assets
Measurement
The impairment requirements are based on an expected credit loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. All financial assets measured at amortised cost and fair value through other comprehensive income, as well as lease receivables, financial guarantees contracts, contract assets and certain loan commitments are in scope for expected credit loss.

ECLs on financial assets measured at amortised cost and lease receivables are presented as allowances, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the gross carrying amount. ECLs on loan commitments and financial guarantee contracts are presented as provisions, i.e., as a liability, in the balance sheet. Adjustment to the loss allowance and provision due to changes in ECLs is recognised in the income statement as Net expected credit losses.

The assessment of credit risk, and the estimation of ECL, shall be unbiased and probability-weighted, and shall incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. SEB uses both models and expert credit judgement (ECJ) for calculating ECLs.

The ECL model has a three-stage approach based on changes in the credit risk. A 12-month ECL (Stage 1) applies to all items, unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2) or in default (Stage 3), lifetime ECL applies.

Significant increase in credit risk
At the end of each reporting period the group performs an assessment of whether credit risk has increased significantly since initial recognition. The assessment of whether there has been a significant change in credit risk is based on quantitative and qualitative indicators. Both historic and forward-looking information is used in the assessment.

For arrangements with an initial origination date as at 1 January 2018 or later, the primary indicator is changes in lifetime probability of default (PD) by comparing the scenario-weighted annualised lifetime PD at the reporting date with the scenario-weighted annualised lifetime PD at initial recognition. For arrangements with an initial origination date prior to 1 January 2018 changes in SEB's internal risk classifications since initial origination are used as the primary indicator.

Regardless of the quantitative indicator, a significant increase in credit risk is triggered if the following back-stop indicators occur:
- payments are past due >30 days but < 90 days, or
- financial assets have been classified as watch-listed, or
- financial assets are forborne (where due to the customer's financial difficulties the contractual terms of the loans have been revised and concessions given).

Back-stop indicators normally overlap with the quantitative indicator of significant increase in credit risk.

In case there has been a significant increase in credit risk since initial recognition, an allowance for lifetime ECL shall be recognised and the financial instrument is transferred to Stage 2. The approach is symmetrical, meaning that in subsequent reporting periods, if the credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the financial assets moves back to Stage 1.

Definition of default
Financial instruments in default are in Stage 3. SEB applies a definition of default for accounting purposes that is consistent with how it is defined in

the capital requirements regulation, which includes financial assets past due more than 90 days. All financial assets in Stage 3 are considered to be credit-impaired.

Modelling
The ECL is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD), as well as the timing of the loss. The group's IFRS 9 methodology for ECL measurement is based on existing internal rating-based risk models (IRB) to the extent allowed under IFRS 9. As the objectives of these frameworks differ, the manner in which the expected credit losses are calculated also differs and appropriate adjustments are made to the IRB parameters to meet IFRS 9 requirements. Adjustments include the conversion of through-the-cycle and downturn parameters used in IRB risk models to point-in-time parameters used under IFRS 9 that consider forward-looking information.

PD represents the likelihood that a loan will not be repaid and will go into default in either a 12-month or lifetime horizon. The expected PD for each individual instrument incorporates a consideration of past events, current market conditions and reasonable and supportable information about future economic conditions. SEB uses IFRS 9 specific PD models. The models are calibrated based on a combination of geography, assets class and product type. EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet amounts, EAD includes an estimate of any further amounts to be drawn at the time of default. For IFRS 9, EAD models are adjusted for a 12-month or lifetime horizon. LGD is the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held as well as the probability of cure, whereby the borrower repays all his past due obligations on the defaulted loan and recommences contractual repayments. SEB uses existing LGD models adjusted to meet IFRS 9 requirements.

When measuring ECL, SEB uses the maximum contractual period during which SEB is exposed to risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For revolving facilities, such as credit cards, and retail mortgage facilities the expected life is modelled based on historical behaviour. The residual behavioural expected life for such facilities is based on historically observed survival curve and it is affected by the time since origination of the arrangement.

Forward-looking information
The group uses internally developed macroeconomic forecasts as the basis for the forward-looking information incorporated in the ECL measurement. In order to ensure an unbiased estimation of credit losses under IFRS 9, at least three scenarios are used. One of the scenarios is the base case scenario, representing the most likely outcome, which is also applied in the financial planning and budgeting process, while other case scenarios represent more positive or negative outcomes.

The forward-looking scenarios are prepared by SEB Macro & FICC Research. The scenarios are approved by the Group Risk Committee. A scenario consists of a qualitative description of the macroeconomic development and a quantitative part, with forecasts of key macroeconomic variables for three subsequent years, as well as the likelihood of occurrence (scenario-weight). The scenarios are reviewed and updated on a quarterly basis. In case of significant changes in the macroeconomic environment and outlook, the scenarios will be updated more frequently. The scenario variables are benchmarked to various external sources of similar forward-looking scenarios, e.g. from OECD, IMF, EU, national central banks, ECB, and governments/Ministries of Finance.

Expert Credit Judgement (ECJ)
The group uses both models and expert credit judgement (ECJ) to determine ECLs. The degree of judgement that is required to estimate ECL depends on the model outcome, materiality and the availability of detailed information. The model provides guidance and transparency as to how economic events could affect the impairment of financial assets. Model overlay may be applied to the modelled outcome to incorporate an estimated impact of factors not captured by the model. Such judgemental adjustment to the model-generated ECLs may be applied to significant exposures at a counterparty level. The overlays are decided by the relevant credit committee using the model ECLs as guidance. In addition, there may be a need for overlays at a portfolio level, which is decided by the Group Risk Committee.

Hedge accounting
Derivatives are used to hedge interest rate, exchange rate and equity exposures. Where derivatives are held for risk management purposes and when transactions meet the required criteria, the group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged. The group documents and designates, at inception, the relationship between the hedged item and the hedging instrument as well as the risk objective and hedge strategy. The group also documents its assessment, both at inception and on an ongoing basis, whether the derivatives used are both prospectively, and retrospectively highly effective in offsetting the hedged risk. As part of the prospective test the group also assesses and documents that the likelihood of forecasted transactions to take place is highly probable.

→ More information regarding hedge accounting can be found in note 21 Derivatives and hedge accounting.

Hedge accounting is applied when derivatives are used to reduce risks such as interest rate risks and currency risks in financial instruments. Furthermore, hedge accounting can be applied to liabilities hedging currency risk in net investments in subsidiaries. The group applies different hedge accounting models depending on the purpose of the hedge:
- Hedges of fair value of recognised assets or liabilities (fair value hedge);
- Hedges of the fair value of the interest rate risk of a portfolio (portfolio hedge);
- Hedges of highly probable future cash flows attributable to recognised assets or liabilities (cash flow hedge);
- Hedges of a net investment in a foreign operation (net investment hedge).

The group discontinues hedge accounting when:
- The derivative has ceased to be highly effective as a hedging instrument,
- The derivative expires, is sold, terminated, or exercised,
- The hedged item matures, is sold or repaid, or
- The forecast transaction is no longer deemed highly probable.

Fair value hedge
Fair value hedges are used to protect the group against undesirable exposures to changes in the market prices of recognised assets or liabilities. Changes in fair value of derivatives that qualify and are designated as hedging instruments are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk as Net other income.

Where the group hedges the fair value of interest rate exposure in a portfolio including financial assets or financial liabilities, so called portfolio hedging of interest rate risk, the gains or losses attributable to the hedged item are reported as a separate item under assets or as a separate item under liabilities in the balance sheet.

When hedge relationships are discontinued, any adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to maturity of the hedged item.

Cash flow hedge
Cash flow hedging is applied for the hedging of exposure to variations in future interest payments on assets or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss as Net other income.

Gains or losses on hedging instruments that have been accumulated in equity are recognised in profit or loss in the same period as interest income and interest expense from the hedged asset or liability.

When cash flow hedges are discontinued but future cash flows still are expected to occur, accumulated gains or losses from the hedging instrument will remain as a separate item in equity until the hedged future cash flows occur. Accumulated gains or losses are subsequently reported in profit or loss in Net interest income in the same period in which the previously hedged interest flows are recognised in profit or loss.

Net investment hedge
Hedge of a net investment is applied to protect the group from translation differences due to net investments in foreign subsidiaries. Foreign currency loans constitute the major portion of hedging instruments in these transactions. The translation differences arising on the hedging instruments are recognised in other comprehensive income and accumulated in equity as translation of foreign operations, to the extent the hedge is effective. Any ineffective part is recognised as Net financial income. When a foreign operation is partially disposed of or sold, exchange differences accumulated in equity are recognised in the income statement as part of the gain or loss on the sale.

Operating income

Interest income and interest expense
The effective interest method is applied to recognise interest income and interest expenses in profit or loss for financial assets and financial liabilities measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expenses. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument. The calculation of the effective interest rate includes transaction costs, fees and points to be received and paid that are an integral part of the effective interest rate.

Net fee and commission income
The recognition of revenue from contracts with customers is reported as fee and commission income. The group recognises revenue when it transfers control over a service to a customer.

Fees that are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such as loan origination fees, are allocated over the expected tenor of the instrument applying the effective interest method and presented in Net interest income.

Fee and commission income is recognised to depict the transfer of promised services to the customers in an amount that reflects the consideration to which SEB expects to be entitled in exchange for the service. The major types of fees are described below.

Fee and commission income for asset custody and asset management to customers is recognised as revenue over the period in which the services are provided. Performance based fees are recognised when it is highly probable that a significant reversal of recognised revenue will not occur, which is when the performance criteria are fulfilled.

Fee and commission income from loan syndications in which SEB acts as arranger are recognised as income when the syndication is completed and the group has retained no part of the loan or retained a part of the loan at the same effective interest rate as other participants. Brokerage fees, commission and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or purchase or sale of a business, are recognised on completion of the transaction.

Expenses that are directly related to the generation of fee and commission income are recognised as fee and commission expense.

Net financial income
Gains and losses arising from changes in fair value of financial assets and liabilities measured at fair value through profit or loss are reported under the item Net financial income. For financial liabilities designated at fair value through profit or loss the change in fair value relating to change in own credit risk is accounted for in other comprehensive income.

Dividend income
Dividends are recognised when the entity's right to receive payment is established.

Seized assets
Seized assets are assets taken over to protect a claim. SEB may refrain from a loan receivable and instead seize the asset that served as collateral for the loan. Seized assets may consist of financial assets, properties and other tangible assets. Seized asset are recognised on the same line item in the balance sheet as similar assets that have been acquired otherwise. At inception seized assets are measured at fair value. The fair value at initial recognition becomes the acquisition value. Subsequently seized assets are measured according to type of asset with the exception of impairment of tangible seized assets that is reported as Gains less losses from tangible and intangible assets rather than as Depreciation, amortisation and impairment of tangible and intangible assets. The purpose is to better reflect the similar character of impairment of assets that are taken over to protect claims on counterparties and credit losses.

Tangible assets
Tangible assets, with the exception of investment properties held in insurance operations, are measured at cost and are depreciated according to plan on a straight-line basis over the estimated useful life of the asset. The maximum depreciation period for buildings is 50 years. The depreciation period for other tangible assets is between 3 and 8 years.

Tangible assets are tested for impairment whenever there is an indication of impairment.

Leasing
Lessee
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lessor
A finance lease is a lease that transfers, from the lessor to the lessee, substantially all risks and rewards incidental to the ownership of an asset. In the group, essentially all leasing contracts in which the group is the lessor are classified as finance leases. Finance leases are reported as lending, which implies that the leasing income is reported within Net interest income.

Investment properties
Investments in properties held in order to receive rental income and/or for capital appreciation are reported as investment properties. The recognition and measurement of such properties differs, depending upon the entity owning the property. Investment properties held in the insurance operations, used to match liabilities providing a yield directly associated with the fair values of specified assets, including the investment properties themselves, are accounted for using the fair value model. Holdings of investment properties in the banking operations are measured at cost less accumulated depreciation.

Intangible assets
Goodwill is measured, after initial recognition, at cost, less any accumulated impairment losses. In order to test goodwill from business combinations for impairment, it is allocated upon acquisition to the cash generating unit or units that are expected to benefit from the acquisition. Each group represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment. Goodwill and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised in profit or loss whenever the carrying amount, with respect to a cash-generating unit or a group of cash-generating units to which the goodwill is attributed, exceeds the recoverable amount. Impairment losses attributable to goodwill are not reversed, regardless of whether the cause of the impairment has ceased to exist.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are measured on the same basis as intangible assets acquired separately.

Other intangible assets are measured at cost, including directly attributable borrowing costs, less accumulated amortisation and any impairment losses. Development expenditures on an individual project are recognised as an intangible asset, provided that future economic benefits are probable, costs can be measured reliably and the product and process is technically and commercially feasible. Research costs are expensed as incurred. The guidance in IAS 38 *Intangible Assets* is applied to cloud computing arrangements if the group receives a resource it can control, assuming it is not accounting for the intangible asset as a lease. If the cloud computing arrangement does not provide the group with an intangible asset for the software (and does not contain a lease), then the right to access the underlying software in the cloud computing arrangement is generally a service contract where the fees paid is expensed as the service is received.

Intangible assets with finite useful lives, i.e. all intangible assets except goodwill, are amortised on a straight-line basis over their useful lives and tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount of the asset. Internally generated intangible assets, such as software development, are amortised over a period of between 3 and 8 years.

Provisions
Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Provisions are made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn by a debtor in financial difficulties. ECLs on loan commitments and financial guarantee contracts are presented as provisions. Provisions and changes in provisions are recognised in the income statement as Net credit losses.

Provisions are evaluated at each balance sheet date and are adjusted as necessary.

Financial guarantees
Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instru-

ment. Financial guarantee liabilities are initially recognised at their fair value (which most often equals the premium received) and subsequently at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 *Financial Instruments* and the amount initially recognised less, where appropriate, the cumulative amount of income recognised. The contractual amounts according to financial guarantees are not recognised in the balance sheet but disclosed as obligations.

Employee benefits

Pensions

There are both defined contribution and defined benefit pension plans within the group, of which most have plan assets. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will get on retirement depending on factors such as age, years of service and compensation. A defined contribution plan is a pension plan where the group pays a contribution to separate entities and has no further obligation once the contribution is paid.

The pension commitments of the group with respect to defined benefit plans are covered by the pension funds of the group or through insurance solutions.

The defined benefit obligation is calculated quarterly by independent actuaries using the Projected Unit Credit Method.

→ The assumptions upon which the calculations are based are found in note 8b addressing Staff costs.

All changes in the net defined benefit liability (asset) are recognised as they occur, as follows: (i) service cost and net interest in the income statement; and (ii) remeasurements of both defined benefit obligations and plan assets in other comprehensive income.

Pension costs for defined contribution pension plans are recognised as an expense during the period the employees carry out the service to which the payment relates.

Share-based payments

The group operates a number of share-based incentive programmes, under which it awards SEB equity instruments to its employees. Equity-settled share-based incentive programmes entitle employees to receive SEB equity instruments. Cash-settled share-based incentive programmes entitle employees to receive cash based on the price or value of equity instruments of SEB. Fair value of these rights is determined by using appropriate valuation models, taking into account the terms and conditions of the award and the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. Social security charges are accounted for over the vesting period and the provision for social security charges is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

The cost of equity-settled share-based incentive programmes is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense on a straight-line basis over the vesting period with a corresponding increase in equity. The vesting period is the period that the employees have to remain in service in SEB in order for their rights to vest. For cash-settled share-based incentive programmes, the services acquired and liability incurred are measured at the fair value of the liability and recognised as an expense over the vesting period, during which the employees render service. Until settlement, the fair value of the liability is remeasured, with changes in fair value recognised in the income statement.

Short-term cash-based remuneration

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Taxes

The group's tax for the period consists of current and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Current tax is calculated based on the taxable results for the period. Deferred tax arises due to temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Current tax and deferred tax are generally recognised in profit or loss. However, tax that relates to items recognised in other comprehensive income is also reported directly in other comprehensive income. Examples of such items are gains or losses on hedging instruments in cash flow hedges.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable profits will be available against which they can be utilised. The group's deferred tax assets and tax liabilities have been calculated at the tax rate of 20.6 per cent in Sweden, and at each respective country's tax rate for foreign companies.

Insurance and investment contracts

Insurance contracts are contracts under which the group accepts significant insurance risk – defined as a transfer of an absolute risk of minimum 5 percent of the underlying value – from the policyholder by agreeing to compensate the policyholder or other beneficiaries on the occurrence of a defined insured event. Investment contracts are financial instruments that do not meet the definition of an insurance contract, as they do not transfer significant insurance risk from the policyholder to the group.

Insurance contracts

Insurance contracts are classified as short-term (non-life) or long-term (life). Short-term insurance comprises sickness, disability, health care, and rehabilitation insurance. Long-term insurance comprises mainly traditional life insurance. In the group accounts short-term and long-term insurance are presented aggregated as Insurance contracts.

Measurement of short-term insurance contracts (non-life)

The provision for unearned premiums is intended to cover the anticipated cost of claims and operating expenses arising during the remaining policy period of the insurance contracts in force. The provision for unearned premiums is usually strictly proportional over the period of the insurance contracts. If premiums are judged to be insufficient to cover the anticipated cost for claims and operating expenses, the provision for unearned premiums is strengthened with a provision for unexpired risks.

For anticipated future claims that have been incurred but not yet paid, provision for claims outstanding is recognised. The provision is intended to cover the anticipated future payment of all claims incurred, including claims incurred but not reported (IBNR provisions). This provision should also cover all costs for claims settlement. The provision for claims outstanding is not discounted, with the exception of provisions for sickness annuities, which are discounted using standard actuarial methods.

Measurement of long-term insurance contracts (life)

For long-term life insurance contracts, a liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability equals the sum of the discounted value of expected benefit payments and future administration expenses, less any outstanding future contractual premium payments. Liabilities for long-term life insurance are discounted using standard actuarial methods.

Liability adequacy test

Swedish actuarial procedures involve performing liability adequacy tests on insurance liabilities. This is to ensure that the carrying amount of the liabilities is sufficient in the light of estimated future cash flows. The carrying amount of a liability is the value of the liability itself less any related intangible asset or asset for deferred acquisition costs. The current best estimates of future contractual cash flows, as well as claims handling and administration costs, are used in performing these liability adequacy tests. These cash flows are discounted and compared to the carrying amount of the liability. Any deficit is immediately recognised in profit or loss.

Revenue recognition

Premiums for insurance contracts are recognised as revenue when they are paid by the policyholders. For contracts where insurance risk premiums received during a period are intended to cover insurance claims arising in that period those premiums are recognised as revenue proportionally during the period of coverage.

Recognition of expenses

Costs for insurance contracts are recognised as an expense when incurred, with the exception of commissions that are capitalised as deferred acquisition costs. These costs are amortised as the related revenue is recognised. The asset is tested for impairment every period, ensuring that the economic future benefits expected to arise from the contracts exceed its face amount.

Reinsurance

Contracts with re-insurers, whereby compensation for losses is received by the group, are classified as ceded reinsurance. For ceded reinsurance, the benefits to which the group is entitled under the terms of the reinsurance contract are reported as the re-insurers' share of insurance provisions. Amounts recoverable from re-insurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract.

Investment contracts

The majority of the group's unit linked insurance is classified as investment contracts where no significant insurance risk is transferred from the policyholder to the group. A minor part of the group's unit linked insurance business is classified as insurance contracts.

Measurement

Investment contracts are financial commitments whose fair value is dependent on the fair value of the underlying financial assets. The underlying assets are mandatorily measured at fair value through profit or loss and the related liabilities are designated at fair value through profit or loss (fair value option). The choice to use the fair value option for the liabilities has been made for the purpose of eliminating the measurement inconsistency that would occur if different bases for measurement would have been used for assets and liabilities. The fair value of the unit linked financial liabilities is determined using the fair value of the financial assets linked to the financial liabilities attributed to the policyholder on the balance sheet date. However, if the liability is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender. Any differences between assets and liabilities are due to premiums paid that have not yet been invested in funds. Changes in the value of unit linked insurance does not affect SEB as they belong to the policyholders.

Revenue recognition
Amounts received from and paid to policyholders are reported in the balance sheet as deposits or withdrawals. Fees charged for managing investment contracts are recognised as revenue. The revenue for these management services is evenly distributed over the tenor of the contracts.

Recognition of expenses
Incremental costs of obtaining investment contracts with customers are deferred if they are expected to be recovered. Incremental costs are costs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. These costs are up-front acquisition costs in the form of sales commissions paid for obtaining investment contracts. They are expected to be recovered from the fee income earned from the investment contracts. The asset is tested for impairment during each period to ensure that the future economic benefits expected to arise from the contract exceed the carrying amount of the asset. All other costs, such as commissions to brokers paid during the tenor of the investment contracts or commission to own staff acting as sales agents or ongoing administration cost, are recognised in the period in which they arise.

Contracts with discretionary participation features (DPF)
Some traditional pension saving contracts include a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. All contracts that include a discretionary participation feature are reported as insurance contracts. The amounts referring to the guaranteed element and to the discretionary participation feature are reported as liabilities to policyholders.

Changed accounting principles

Changes in accounting policies implemented 2021
The group adopted Interest Rate Benchmark Reform (IBOR) – Phase 2. The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting as a result of the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. In accordance with the amendments, changes made to a financial instrument that relate directly to the interest rate benchmark reform and that are economically equivalent, do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark without adjusting the carrying amount. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

→ Note 40g describes the IBOR reform in more detail.

Changes in IFRSs not yet applied
IFRS 17 *Insurance Contracts* was published in May 2017. This standard should be applied as from 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of issued insurance contracts. It also requires similar principles to be applied to held reinsurance contracts and issued investment contracts with discretionary participation features. IFRS 17 replaces IFRS 4 Insurance Contracts. SEB is currently evaluating the impact of the change to the financial statements of the group.

Amendments to IFRS 3 *Business Combinations* are intended to replace a reference to the latest Framework for the Preparation and Presentation of Financial Statements without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent assets, Onerous Contracts* – Costs of Fulfilling a Contract specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022. The IASB has issued amendments to IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. Definition of Accounting Estimates – Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, effective for annual periods beginning on 1 January 2023. The Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

Disclosure of Accounting Policies – Amendments to IAS 1 *Presentation of Financial Statement*s and IFRS Practice Statement 2: *Making Materiality Judgements effective* for annual periods beginning on 1 January 2023. The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 *Income Taxes* effective for annual periods beginning on 1 January 2023. The IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. None of the amendments effective after 2022 have yet to be endorsed by the EU.

Significant accounting policies of the parent company

Skandinaviska Enskilda Banken (SEB) AB is a public limited liability company with corporate number 502032-9081 and with registered office in Stockholm, Sweden.

The financial statements of the parent company are prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25) and statements from the Swedish Financial Reporting Board, RFR 2 and the additional UFR statements.

In accordance with the Financial Supervisory Authority's regulation, the parent company applies statutory IFRS. This means that the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the EU have been applied to the extent that is possible within the framework of Swedish legislation and considering the close tie between financial reporting and taxation. The accounting principles of the parent company differ, in certain aspects, from the accounting principles applied by the group. The essential differences are described below.

Changed accounting policies

The changed group accounting policies and future accounting developments also apply to the parent company. In all other material aspects, the accounting policies, basis for preparation and presentation for the parent company are unchanged in comparison with the annual report for 2020.

Presentation format

The presentation format for the balance sheet and the profit and loss account according to the Annual Accounts Act for Credit Institutions and Securities Companies is not in conformity with IFRS. Credit institutions and securities companies applying IFRS as adopted by the EU in their consolidated financial statements have the option to deviate from the presentation format for the balance sheet as stipulated by law, but may not deviate from the stipulated profit and loss account.

Holdings in subsidiaries and associated companies

Shares and participating interests in subsidiaries and associated companies are measured at cost less any impairment. Dividends on shares in subsidiaries and associated companies are recognised as income in profit or loss. Merger of subsidiaries through absorption are accounted for at consolidated values. The merger effect is reported in equity.

Financial assets and liabilities

The group's accounting policies in regard to financial assets and liabilities also applies to the parent company, with the exception of financial liabilities designated as fair value through profit or loss where the change in fair value relating to change in own credit risk is accounted for in profit or loss.

Leasing

IFRS 16 *Leases* is not applied in the parent company. When the parent company is acting as a lessee, it recognises leasing fees as costs on a straight-line basis over the lease period (i.e., like an operating lease). When the parent company acts as a lessor, it reports all leasing agreements as operational leases.

Pensions
The parent company does not apply the provisions of IAS 19 *Employee Benefits* concerning accounting for defined benefit plans. Instead, pension costs are calculated on an actuarial basis in the parent company in accordance with the provisions of the Act on Safeguarding Pension Obligations and the Swedish Financial Supervisory Authority's regulations. This is a requirement by the Swedish tax regulation. In Sweden, actuarial pension commitments are guaranteed by a pension foundation.

The recognised net cost of pensions is calculated as pensions paid and pension premiums less any compensation from the pension foundation. The net pension cost for the year is reported under Staff costs in the parent company's profit and loss account. Excess amounts as a result of the value of the plan assets exceeding the estimated pension obligations are not recognised as an asset in the parent company's balance sheet. Deficits are recognised as a liability.

Goodwill and other intangible assets
In accordance with IAS 38, goodwill is not amortised in the consolidated financial statements. In the parent company financial statements, goodwill is amortised as any other intangible asset on a straight-line basis.

Taxes
In the parent company, untaxed reserves are recognised as a separate item in the balance sheet. Untaxed reserves comprise accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported in retained earnings and deferred tax liability.

Appropriations
The net of group contributions received and paid is reported in the parent company as appropriations.

Critical judgements in applying the accounting policies
Applying the group's accounting policies requires in some cases the use of estimates and assumptions that have a material impact on the amounts reported in the financial statements. The estimates are based on expert judgements and assumptions that management believes are true and fair. The management continuously evaluates these judgements and estimates. The most significant assumptions and estimates are associated with the areas described below:

Consolidation of mutual life insurance companies and funds
Within the life insurance operations of the SEB Group, Gamla Livförsäkrings AB SEB Trygg Liv operates as a mutual life insurance company. The entity is not consolidated, as the judgement of the group is that it does not have control of the entity. Control is seen to imply the power to govern the financial and operating policies of an entity in order to affect the amount of its returns from the entity. Life insurance entities operated as mutual life insurance companies cannot pay dividends which is why the group deems that it cannot obtain benefits. In Gamla Livförsäkrings AB SEB Trygg Liv there are specific policies specifying the composition of the board, which implies that the SEB Group is not able to govern the financial and operating policies of the entity.

In the assessment whether to consolidate funds, an assessment is made whether the group is considered to be an agent or a principal. The group is considered a principal, and hence controls the fund, when it is the fund manager, cannot be removed without cause, has significant right to returns from the fund by holding units and earning fee income and has the practical ability to influence its return by using its power. Funds managed by the group in which entities within the group owns more than 20 per cent are analysed further for consolidation.

The policyholders in SEB's unit-linked company choose to invest in a variety of funds. The insurance company providing unit-linked products invests in the funds chosen by the customers. By doing so SEB might, in some cases, hold more than 50 per cent of the funds, which it holds on behalf of the customers for whom it acts as investment manager. Due to the legislation regarding fund operations, SEB considers that it does not have the power to govern the financial and operating policies of such investment funds to obtain benefits. This applies irrespective of whether the funds held on behalf of customers are greater or less than 50 per cent of a fund. It is the policyholders who carry the investment risk, not SEB. Consequently, the policyholders are entitled to all of the returns generated by the funds. SEB only charges fees, on market conditions, for managing the funds. SEB has come to the conclusion that these funds which it manages should not be consolidated. However, the shares that the group holds in such funds on behalf of its customers are recognised in the balance sheet.

Fair value measurement of financial instruments
The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions. The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. Where the market for a financial instrument is not active, fair value is calculated using an established valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. When valuing financial liabilities at fair value own credit standing is reflected. Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used.

For some of the group's financial assets and liabilities, especially for certain derivatives, quoted prices are not available, and valuation models are used to estimate fair value. As part of the fair value measurement, valuation adjustments are made when valuing derivative financial instruments, to incorporate counterparty and own credit risk. The methodologies for estimating valuation adjustments are continuously revised as a result of changing market practices in response to regulatory and accounting policy changes, as well as general market developments.

The group has an established control environment for the determination of fair values of financial instruments that includes a review, independently from the business, of valuation models and prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions with material and principal importance require approval from the Valuation Committee and the SEB ARC (Accounting Policy and Financial Reporting Committee).

→ For disclosure purposes, fair values are classified in a fair value hierarchy according to the level of observability of the inputs, see note 36.

Impairment of financial assets and goodwill
Financial assets
When calculating expected credit loss (ECL) there are a number of key concepts that require a high level of judgement. Estimating expected credit loss is, by its very nature, uncertain and the accuracy of these estimates depends on many factors, e.g. macro-economic forecasts and involves complex modelling and judgements.

At the end of each reporting period the group performs an assessment of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument, using key risk indicators that are used in the group's existing risk management processes.

Another area requiring significant judgement is the incorporation of forward-looking information and macro-economic scenarios. IFRS 9 requires an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. SEB uses internally developed macro-economic forecasts as the basis for the forward-looking information in the ECL measurement. SEB uses both models and expert credit judgement (ECJ) in order to determine ECLs. The objective of applying ECJ is to incorporate the estimated impact of factors not captured in the modelled ECL. The degree of judgement that is required to estimate expected credit losses depends on the outcome from calculations, materiality and the availability of detailed information. The models, assessment and assumptions are regularly reviewed by the risk organisation of the group and approved by the Group Risk Committee.

→ Note 18 describes Loans and expected credit losses (ECL) in more detail.

Goodwill
Judgement is involved in determining the cash-generating units. The annual impairment test of goodwill is based on the value in use with forecasted cash flows for five years. The cash flows beyond five years are determined based on sustainable growth.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows involves a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business.

→ Note 23 describes intangible assets in more detail.

Calculation of insurance liabilities
Calculation of the group's insurance liabilities is based on a number of estimates and assumptions, both financial and actuarial, such as interest rates, mortality, health, expenses, inflation and taxes. One of the important financial assumptions is the interest rate used for discounting future cash flows.

Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

Assets recognised from the costs to obtain or fulfil a contract, deferred acquisition costs
SEB recognises as an asset, costs to obtain contracts that would not have incurred if the contract had not been obtained, mainly sales commissions to obtain insurance and investment contracts.

The amortisation period for the asset is based on assumptions about average lifetime of the contracts including assumptions about surrenders and lapses.

Fair value of investment property
Investment properties in the insurance operations are fair valued with the assistance of external expertise. The valuation method applied means that the related expected cash flows are discounted to present value. The assumptions concerning expected cash flows are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirement and market interest. Assumptions are in line with the assessments that the market can be expected to make under current market conditions. The yield requirement is based on local analysis of comparable property purchases.

Valuation of deferred tax assets
Deferred tax assets that are relying on future profitability can be recognised only to the extent they can be offset against future taxable income and the valuation of deferred tax assets is influenced by management's assessment of SEB's future profitability, future taxable profits and future reversals of existing taxable temporary differences. The expected outcome of uncertain tax positions is determined as the single most likely outcome.

Provisions and Contingent Liabilities
Judgement is applied in determining whether a present obligation exists, and in estimating the probability, timing and amount of any outflow of resources. In cases where the probability of an outflow of resources or a negative outcome is assessed as not probable (less likely than not), no provision is recognised and a contingent liability is disclosed. Assessments of claims in civil lawsuits, tax and regulatory matters, typically require a higher degree of judgement than other types of cases due to the inherent uncertainty and complexity of the matters.

Actuarial calculations of defined benefit plans
The calculation of the group's expense and obligations for defined benefit plans is based on actuarial, demographic and financial assumptions that have a significant impact on the recognised amounts. One of the important financial assumptions is the interest rate used for discounting future cash flows. The estimation of the discount rate is subject to uncertainty whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden are at least AAA-rated and the maturity is in line with the estimated maturity of obligations for post-employment benefits. The discount rate for the defined benefit obligation is revised quarterly and other assumptions are revised each year or when a significant change has occurred.

→ Note 8 b describing staff costs contains a list of the most critical assumptions used when calculating the defined benefit obligation.

2 Operating segments

Group business segments

Income statement, 2021	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & Group functions	Eliminations	Total
Interest income	*11,613*	*15,562*	*3,144*	*1*	*5,916*	*–3,011*	***33,225***
Interest expense	*–633*	*–3,907*	*–162*	*–28*	*–5,136*	*2,963*	***–6,904***
Net interest income	10,980	11,654	2,982	–27	780	–48	**26,321**
Fee and commission income	*12,751*	*6,748*	*2,321*	*3,954*	*7,898*	*–7,543*	***26,129***
Fee and commission expense	*–5,004*	*–1,229*	*–626*	*–1,101*	*–4,531*	*7,504*	***–4,987***
Net fee and commission income	7,747	5,519	1,695	2,853	3,367	–39	**21,142**
Net financial income	3,749	529	345	1,044	1,348	–23	**6,992**
Net other income[1]	23	23	8	48	62	–5	**159**
Total operating income	**22,499**	**17,726**	**5,030**	**3,918**	**5,556**	**–115**	**54,614**
of which internally generated	*–11,950*	*466*	*528*	*694*	*9,831*	*430*	
Staff costs	–4,244	–3,429	–882	–874	–5,944	1	**–15,372**
Other expenses	–5,355	–4,437	–1,105	–679	5,697	115	**–5,763**
Depreciation, amortisation and impairment of tangible and intangible assets	–64	–274	–30	–20	–1,723		**–2,110**
Total operating expenses	**–9,663**	**–8,139**	**–2,017**	**–1,573**	**–1,970**	**115**	**–23,245**
Gains less losses on disposals of tangible and intangible assets	1	0	4	0	0		**5**
Net expected credit losses	–660	–70	216	0	7	–3	**–510**
Operating profit before items affecting comparability	**12,177**	**9,518**	**3,233**	**2,346**	**3,594**	**–3**	**30,864**
Items affecting comparability							
OPERATING PROFIT	**12,177**	**9,518**	**3,233**	**2,346**	**3,594**	**–3**	**30,864**
Business equity, SEK bn	64.7	47.1	12.3	5.3			
Return on business equity, %	14.5	15.6	22.3	41.4			
Risk exposure amount, SEK bn	396	244	86		60		**787**
Lending to the public[2], SEK bn	673	932	157		2		**1,765**
Deposits from the public[2], SEK bn	732	605	200		52		**1,590**

Income statement, 2020	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & Group functions	Eliminations	Total
Interest income	*16,897*	*17,490*	*3,377*	*2*	*17,092*	*–17,281*	***37,578***
Interest expense	*–5,838*	*–5,153*	*–264*	*–34*	*–18,257*	*17,110*	***–12,435***
Net interest income	11,060	12,337	3,113	–31	–1,165	–170	**25,143**
Fee and commission income	*10,899*	*6,113*	*2,246*	*3,517*	*6,530*	*–6,372*	***22,933***
Fee and commission expense	*–4,427*	*–1,197*	*–662*	*–1,063*	*–3,873*	*6,352*	***–4,870***
Net fee and commission income	6,472	4,915	1,584	2,454	2,657	–19	**18,063**
Net financial income	4,226	379	325	660	684	2	**6,275**
Net other income[1]	87	30	–2	5	120	–4	**236**
Total operating income	**21,845**	**17,661**	**5,019**	**3,088**	**2,295**	**–191**	**49,717**
of which internally generated	*–496*	*390*	*18*	*1,039*	*–745*	*–205*	
Staff costs	–4,238	–3,444	–880	–867	–5,562	15	**–14,976**
Other expenses	–5,250	–4,138	–1,105	–733	5,185	176	**–5,864**
Depreciation, amortisation and impairment of tangible and intangible assets	–68	–69	–32	–21	–1,717		**–1,906**
Total operating expenses	**–9,555**	**–7,651**	**–2,017**	**–1,621**	**–2,094**	**191**	**–22,747**
Gains less losses on disposals of tangible and intangible assets	1		2		–9		**–7**
Net expected credit losses	–4,865	–827	–425	1	–4	2	**–6,118**
Operating profit before items affecting comparability	**7,425**	**9,182**	**2,579**	**1,468**	**189**	**2**	**20,846**
Items affecting comparability					–1,000		**–1,000**
OPERATING PROFIT	**7,425**	**9,182**	**2,579**	**1,468**	**–811**	**2**	**19,846**
Business equity, SEK bn	70.3	46.6	13.1	5.3			
Return on business equity, %	8.1	15.1	16.8	25.5			
Risk exposure amount, SEK bn	366	227	80		52		**725**
Lending to the public[2], SEK bn	645	857	149		8		**1,658**
Deposits from the public[2], SEK bn	641	529	175		18		**1,364**

1) Profit and loss from associated companies accounted for under the equity method are recognised in Net other income at an amount of SEK 33m (68). The aggregated investments are SEK 669m (548).
2) Excluding repos.

Note 2 continued Operating segments

Balance sheet

2021	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & Group functions	Eliminations	Total
Assets	1,828,562	1,040,882	229,349	480,475	2,729,865	−3,004,901	**3,304,230**
Liabilities	1,747,168	979,800	212,690	473,194	2,703,054	−3,004,901	**3,111,002**
Investments	20	44	93	142	713		**1,013**
2020							
Assets	1,929,449	944,384	211,915	382,346	2,634,212	−3,061,874	**3,040,432**
Liabilities	1,851,066	888,360	197,307	376,149	2,617,487	−3,061,874	**2,868,489**
Investments	−64	70	204	77	752		**1,039**

Parent company business segments

2021	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & Group functions	Eliminations	Total
Gross income	28,663	20,412	35	2	8,253		**57,366**
Assets	1,753,705	973,011	28	100	2,820,421	−2,959,433	**2,587,834**
Investments	10	44			687		**742**
2020							
Gross income	32,410	21,629	24	4	5,322		**59,388**
Assets	1,852,153	884,273	7	142	1,507,104	−1,746,569	**2,497,110**
Investments	−67	27			730		**689**

Business segment

The Business segments are presented on a management reporting basis. The different divisions assist different groups of customers. The customers' demands decide the type of products that are offered. Large Corporates & Financial Institutions offers wholesale and investment banking services to large corporates and institutions. Corporate & Private Customers offers products and private banking services mainly to retail customers (private customers and small and medium-sized corporates). Division Baltic offers products mainly to retail customers (private customers and small and medium-sized corporates) and private banking services in the Baltic countries. Division Life offers life, sickness, healthcare and pension insurance. Investment Management performs asset management. Group functions consists of business support units, treasury and staff units and German run-off operations. Eliminations of internal transactions between the business segments are reported separately.

Gross income by product for external customers

	Group		Parent company	
	2021	**2020**	**2021**	**2020**
Core banking	37,431	40,024	28,656	30,857
Capital market	13,290	12,968	12,692	12,404
Asset management	10,176	8,149	2,352	1,935
Life insurance and pension	3,231	2,240		
Other	2,378	3,640	13,667	14,192
TOTAL	**66,505**	**67,022**	**57,366**	**59,388**

Core banking consists of loan, leasing, card and payment related products. Capital market consists of trading and issues on financial markets. Asset management consists of advisory, custody and fund management. Life insurance and pension consists of unit-linked and traditional life insurance products. Other consists of income from treasury operations and other activities.

3 Geographical information

Group by country

	2021					2020				
	Gross Income[1)]	Operating profit[2)]	Income tax expense[3)]	Assets	Investments	Gross Income[1)]	Operating profit[2)]	Income tax expense[3)]	Assets	Investments
Sweden	45,732	19,289	−3,108	2,904,959	721	49,953	12,572	−2,462	2,725,758	730
Norway	3,787	1,699	−416	184,938	2	1,944	−928	−2	170,086	4
Denmark	1,535	1,405	−300	168,234	1	1,569	1,185	−142	184,951	−2
Finland	1,623	1,311	−254	209,980	8	1,665	1,051	−201	178,452	14
Estonia	2,128	1,250	−160	78,417	71	2,139	1,099	−244	71,208	70
Latvia	1,439	738	−19	46,717	29	1,434	415	−15	43,524	23
Lithuania	2,666	1,554	−310	114,945	101	2,746	1,305	−242	104,398	134
Germany	2,276	1,546	−392	82,738	0	2,418	1,390	−410	54,837	1
United Kingdom	2,089	939	−246	131,297	0	1,534	393	−106	95,005	1
United States[4)]	962	262	−27	154,268	0	2,905	222	−11	194,390	0
Ireland	594	243	−37	126,269	64	526	147	−16	86,604	40
Luxembourg	1,191	234	−49	53,677	0	1,666	516	−113	43,353	1
China	432	101	−47	19,090	3	463	117	−65	20,273	2
Singapore	623	138	−25	23,522	1	709	147	−26	22,361	0
Russia	374	93	−27	6,663	10	440	89	−24	7,862	3
Poland	121	46	−7	8,521	0	126	46	−11	7,122	12
Hong Kong	118	6	−14	3,519		204	70	−7	4,178	
Ukraine	57	10	−3	998	1	53	6	−2	910	1
Netherlands										2
Group eliminations	−1,241	1	0	−1,014,523	0	−5,470	5	0	−974,839	3
TOTAL	**66,505**	**30,864**	**−5,441**	**3,304,230**	**1,013**	**67,022**	**19,846**	**−4,100**	**3,040,432**	**1,039**

1) Gross income in the group is defined as the sum of Interest income, Fee and commission income, Net financial income and Net other income according to IFRS. The basis for the income allocation is SEB's presence in each country, with the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.
2) Before tax.
3) For more information about tax see note 15 and Sustainability notes pages 220–221.
4) Including Cayman Islands, where the parent company is represented by a branch office which is a United States tax resident entity, why tax expense related to Cayman income is reported in US.

Parent company by country

	2021			2020		
	Gross Income[1)]	Assets	Investments	Gross Income[1)]	Assets	Investments
Sweden	45,406	2,161,786	642	48,310	2,068,937	648
Norway	2,927	74,119	2	333	87,075	4
Denmark	1,256	96,238	1	1,689	107,461	−2
Finland	1,737	88,790	7	1,517	124,268	14
Other countries	6,040	166,901	90	7,539	109,369	25
TOTAL	**57,366**	**2,587,834**	**742**	**59,388**	**2,497,110**	**689**

1) Gross income in the parent company is defined as the sum of Interest income, Leasing income, Dividends, Fee and commission income, Net Financial income and Other income. The basis for the income allocation is SEB's presence in each country, with the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.

Transfer pricing

The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest rate risk and liquidity and to manage liquidity.

The internal price is based on SEB's actual or implied market-based cost of funds for a specific interest and liquidity term. Transactions between Business segments are conducted at arm's length.

4 Net interest income

2021	Group			Parent company		
	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	577,207	–489	–0.08%	560,946	–577	–0.10%
Loans to the public	1,690,939	28,178	1.67%	1,510,663	23,333	1.54%
Debt securities	10,178	63	0.62%	12,178	96	0.79%
Total interest earning assets AmC	**2,278,324**	**27,752**	**1.22%**	**2,083,788**	**22,852**	**1.10%**
Debt securities	378,782	2,774	0.73%	336,137	2,718	0.81%
Loans	124,081	–286	–0.23%	124,145	–286	–0.23%
Total interest earning assets at FVTPL	**502,863**	**2,488**	**0.49%**	**460,282**	**2,432**	**0.53%**
Total interest earning assets	**2,781,187**	**30,239**	**1.09%**	**2,544,069**	**25,284**	**0.99%**
Derivatives and other assets	683,987	2,986		308,348	2,454	
TOTAL ASSETS	**3,465,174**	**33,225**		**2,852,417**	**27,738**	
Deposits from credit institutions	156,670	–145	–0.09%	193,821	–60	–0.03%
Deposits and borrowing from the public	1,611,704	–229	–0.01%	1,432,190	53	0.00%
Debt securities issued	775,160	–4,368	–0.56%	775,157	–4,368	–0.56%
Subordinated liabilities	27,667	–932	–3.37%	26,904	–932	–3.46%
Total interest bearing liabilities AmC	**2,571,201**	**–5,675**	**–0.22%**	**2,428,072**	**–5,308**	**–0.22%**
Deposits	35,724	166	0.46%	33,058	268	0.81%
Debt securities short position	31,220	–617	–1.98%	31,220	–617	–1.98%
Debt securities issued	12,033	–597	–4.96%	11,956	–597	–4.99%
Total interest bearing liabilities at FVTPL	**78,977**	**–1,049**	**–1.33%**	**76,234**	**–946**	**–1.24%**
Total interest bearing liabilities	**2,650,178**	**–6,723**	**–0.25%**	**2,504,307**	**–6,254**	**–0.25%**
Derivatives and other liabilities	631,517	–181		212,827	495	
Equity	183,479			135,283		
TOTAL LIABILITIES AND EQUITY	**3,465,174**	**–6,904**		**2,852,417**	**–5,758**	
NET INTEREST INCOME		**26,321**			**21,979**	
NET YIELD ON INTEREST EARNING ASSETS			**0.95%**			**0.86%**

2020	Group			Parent company		
	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	344,589	–25	–0.01%	348,897	–77	–0.02%
Loans to the public	1,676,301	30,829	1.84%	1,482,945	25,492	1.72%
Debt securities	13,526	163	1.20%	16,876	198	1.17%
Total interest earning assets AmC	**2,034,415**	**30,966**	**1.52%**	**1,848,718**	**25,613**	**1.39%**
Debt securities	294,556	3,199	1.09%	265,344	3,136	1.18%
Loans	204,177	–15	–0.01%	204,342	–15	–0.01%
Total interest earning assets at FVTPL	**498,733**	**3,184**	**0.64%**	**469,686**	**3,122**	**0.66%**
Total interest earning assets	**2,533,148**	**34,150**	**1.35%**	**2,318,404**	**28,735**	**1.24%**
Derivatives and other assets	601,263	3,429		296,773	2,726	
TOTAL ASSETS	**3,134,411**	**37,578**		**2,615,177**	**31,461**	
Deposits from credit institutions	153,196	–513	–0.34%	183,466	–628	–0.34%
Deposits and borrowing from the public	1,336,139	–1,240	–0.09%	1,173,390	–851	–0.07%
Debt securities issued	811,491	–8,513	–1.05%	811,473	–8,513	–1.05%
Subordinated liabilities	38,925	–1,348	–3.46%	38,475	–1,348	–3.50%
Total interest bearing liabilities AmC	**2,339,752**	**–11,615**	**–0.50%**	**2,206,803**	**–11,339**	**–0.51%**
Deposits	30,635	44	0.14%	26,214	204	0.78%
Debt securities short position	21,224	–624	–2.94%	21,224	–624	–2.94%
Debt securities issued	14,599	–800	–5.48%	14,475	–800	–5.53%
Total interest bearing liabilities at FVTPL	**66,457**	**–1,381**	**–2.08%**	**61,913**	**–1,221**	**–1.97%**
Total interest bearing liabilities	**2,406,210**	**–12,996**	**–0.54%**	**2,268,716**	**–12,560**	**–0.55%**
Derivatives and other liabilities	565,982	560		4,766,065	1,442	
Equity	162,219			117,828		
TOTAL LIABILITIES AND EQUITY	**3,134,411**	**–12,435**		**2,615,177**	**–11,118**	
NET INTEREST INCOME		**25,143**			**20,342**	
NET YIELD ON INTEREST EARNING ASSETS			**0.99%**			**0.88%**

Net interest income

	Parent company	
	2021	**2020**
Interest income	27,738	31,461
Income from leases [1)]	5,268	5,365
Interest expense	–5,758	–11,118
Depreciation of leased equipment [1)]	–4,783	–4,814
TOTAL	**22,464**	**20,893**

1) In the group Net income from leases is classified as interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

5 Net fee and commission income

	Group		Parent company	
	2021	2020	2021	2020
Issue of securities	1,398	776	1,752	1,177
Secondary market	1,663	1,592	1,194	1,210
Custody and mutual funds[2)]	10,004	8,177	4,323	3,611
Securities commissions[2)]	13,064	10,545	7,268	5,998
Payments	2,215	2,145	1,804	1,740
Card fees	3,170	2,994	546	578
Payment commissions	5,384	5,139	2,350	2,318
Life insurance commissions	1,672	1,578		
Advisory	556	335	596	351
Lending	3,200	3,004	3,079	2,873
Deposits	300	310	18	47
Guarantees	633	627	600	596
Derivatives	352	420	427	507
Other[2)]	968	974	1,214	1,045
Other commissions[2)]	6,009	5,670	5,935	5,419
Fee and commission income	**26,129**	**22,933**	**15,553**	**13,734**
Securities commissions	−1,985	−1,834	−1,648	−1,454
Payment commissions	−1,872	−1,866	−859	−744
Life insurance commissions	−465	−494		
Other commissions	−664	−675	−703	−837
Fee and commission expense	**−4,987**	**−4,870**	**−3,210**	**−3,036**
Securities commissions, net[2)]	11,079	8,712	5,621	4,544
Payment commissions, net	3,512	3,273	1,491	1,574
Life insurance commissions, net	1,207	1,084		
Other commissions, net[2)]	5,344	4,994	5,232	4,581
TOTAL	**21,142**	**18,063**	**12,343**	**10,698**

Fee and commission income by segment

Group, 2021	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & Group functions[1)]	Eliminations	Total
Issue of securities and advisory	1,907	47	0	0	0		**1,954**
Secondary market and derivatives	1,647	373	43	0	−32	−17	**2,014**
Custody and mutual funds	4,326	2,107	216	238	7,615	−4,500	**10,004**
Payments, cards, lending, deposits, guarantees and other	4,871	4,220	2,062	210	315	−1,194	**10,485**
Life insurance commissions				3,505		−1,833	**1,672**
TOTAL	**12,751**	**6,748**	**2,321**	**3,954**	**7,898**	**−7,543**	**26,129**
Group, 2020							
Issue of securities and advisory	1,072	39	0	0	0		**1,111**
Secondary market and derivatives	1,602	385	36	1	−11	0	**2,012**
Custody and mutual funds[2)]	3,482	1,771	184	210	6,177	−3,647	**8,177**
Payments, cards, lending, deposits, guarantees and other[2)]	4,743	3,918	2,026	197	364	−1,193	**10,054**
Life insurance commissions				3,110		−1,532	**1,578**
TOTAL	**10,899**	**6,113**	**2,246**	**3,517**	**6,530**	**−6,372**	**22,933**

1) Group functions consists of business support units, treasury and staff units and German run-off operations.

2) SEK 201m has been reclassified from Other commission income to Custody and mutual funds for full year 2020. Comparative numbers have been adjusted.

Fee and commission income is disaggregated in major types of service tied to primary geographical markets and operating segments.

Revenue from Issue of securities, Advisory, Secondary market, Derivatives, Payments, cards, lending and deposits are mainly recognised at a point in time. Revenue from Custody, Mutual funds and Life insurance commissions are mainly recognised over time.

6 Net financial income

	Group		Parent company	
	2021	2020	**2021**	2020
Equity instruments and related derivatives	2,387	1,197	1,762	1,120
Debt instruments and related derivatives	−685	244	−3,513	3,430
Currency and related derivatives	3,488	3,864	3,608	3,503
Other life insurance income, net	1,622	661		
Other	180	309	3,025	−2,756
TOTAL	**6,992**	**6,275**	**4,882**	**5,297**

Gains (losses) on financial assets and liabilities held for trading are 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, but shows volatility between rows. There were effects from structured products offered to the public in the amounts of approximately SEK 640m (−70) in equity related derivatives and a corresponding effect in debt securities of SEK 45m (880).

	Group		Parent company	
	2021	2020	**2021**	2020
Derivatives – counterparty risk	284	−315	313	104
Derivatives – own credit standing	16	104	−54	−247
TOTAL	**300**	**−211**	**259**	**−144**

Group, 2021	FVHFT	FVMPL	FVDPL	Other	Total
Equity instruments and related derivatives	1,135	1,252			**2,387**
Debt instruments and related derivatives	1,392	−1,000	−1,077		**−685**
Currency and related derivatives	3,725			−238	**3,488**
Other life insurance income, net	2		68	1,552	**1,622**
Other	180				**180**
TOTAL	**6,434**	**252**	**−1,009**	**1,315**	**6,992**

Group, 2020

	FVHFT	FVMPL	FVDPL	Other	Total
Equity instruments and related derivatives	658	538			**1,197**
Debt instruments and related derivatives	−2,907	1,328	1,823		**244**
Currency and related derivatives	3,756			107	**3,864**
Other life insurance income, net				661	**661**
Other	309				**309**
TOTAL	**1,817**	**1,866**	**1,823**	**769**	**6,275**

Parent company, 2021	FVHFT	FVMPL	FVDPL	Other	Total
Equity instruments and related derivatives	1,080	681			**1,762**
Debt instruments and related derivatives	−1,317	−1,021	−1,175		**−3,513**
Currency and related derivatives	3,608				**3,608**
Other	2,926	99			**3,025**
TOTAL	**6,298**	**−241**	**−1,175**		**4,882**

Parent company, 2020

	FVHFT	FVMPL	FVDPL	Other	Total
Equity instruments and related derivatives	659	461			**1,120**
Debt instruments and related derivatives	97	1,625	1,708		**3,430**
Currency and related derivatives	3,503				**3,503**
Other	−2,683	−73			**−2,756**
TOTAL	**1,576**	**2,013**	**1,708**		**5,297**

7 Net other income

	Group		Parent company	
	2021	2020	2021	2020
Dividends[1]	1	0		
Profit and loss from investments in associates and joint ventures	33	68		
Gains less losses from investment securities	13	−33	323	−214
Gains less losses from tangible assets		−2	16	16
Gains less losses from divestment of shares		0		
Other operating income	112	203	991	609
TOTAL	**159**	**236**	**1,330**	**411**

1) Reported separately in the Income Statement for parent company.

Dividends

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Equity instruments	1	0	193	30
Dividends from subsidiaries			2,403	3,091
TOTAL	**1**	**0**	**2,596**	**3,121**

Gains less losses from investment securities

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Equity instruments			334	0
Loans	17			
Buy back liabilities[1]	11	18		
Other gains	1			
Gains	**29**	**18**	**334**	**0**
Buy back liabilities[1]	−16	−51	−10	−214
Losses	**−16**	**−51**	**−10**	**−214**
TOTAL	**13**	**−33**	**323**	**−214**

1) Liabilities at amortised cost (AmC) are realised as preparation activities related to the wind down of DSK Hyp AG (former SEB AG) and active liability management.

Other operating income

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Fair value adjustment in hedge accounting	−24	−27	−24	−27
Operating result from non-life insurance, run off	3	90		
Other income	134	141	1,015	636
TOTAL	**112**	**203**	**991**	**609**

Fair value adjustment in hedge accounting

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Fair value changes of the hedged items attributable to the hedged risk	6,841	−2,594	6,841	−2,594
Fair value changes of the hedging derivatives	−6,863	2,584	−6,863	2,584
Fair value hedges	**−22**	**−11**	**−22**	**−11**
Fair value changes of the hedging derivatives	−1	3	−1	3
Cash-flow hedges – ineffectiveness	**−1**	**3**	**−1**	**3**
Fair value changes of the hedged items	−1,198	917	−1,198	917
Fair value changes of the hedging derivatives	1,197	−936	1,197	−936
Fair value portfolio hedge of interest rate risk – ineffectiveness	**−1**	**−19**	**−1**	**−19**
TOTAL	**−24**	**−27**	**−24**	**−27**

8 Staff costs

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Base salary	−9,124	−8,969	−7,013	−6,807
Cash-based variable remuneration	−736	−681	−577	−574
Long-term equity-based remuneration	−687	−581	−540	−457
Salaries and other compensations	**−10,546**	**−10,231**	**−8,131**	**−7,838**
Social charges	−2,848	−2,512	−2,286	−1,977
Defined benefit retirement plans [1]	−523	−536		
Defined contribution retirement plans [1]	−966	−986	−27	−774
Benefits and redundancies [2]	−88	−263	−77	−231
Education and other staff related costs	−401	−448	−309	−349
TOTAL	**−15,372**	**−14,976**	**−10,830**	**−11,168**

1) Pension costs in the group are accounted for according to IAS 19 Employee benefits. Pension costs in the parent company are calculated in accordance with the Act on Safeguarding Pensions Obligations and the Swedish Financial Supervisory Authority's regulations. Non-recurring costs of SEK 108m (122m) for early retirement have been charged to the pension funds of the bank.
2) Includes costs for redundancies of SEK 26m (197) for the group and SEK 25m (182) for the parent company.

8a Remuneration

Salaries and other compensations

SEB Group	Base salary 2021	Base salary 2020	Cash-based variable remuneration 2021	Cash-based variable remuneration 2020	Long-term equity-based remuneration 2021	Long-term equity-based remuneration 2020	Total 2021	Total 2020
Executives[1]	−91	−75			−22	−18	−113	−94
Others	−9,033	−8,894	−736	−681	−665	−563	−10,433	−10,138
TOTAL	**−9,124**	**−8,969**	**−736**	**−681**	**−687**	**−581**	**−10,546**	**−10,231**

Salaries and other compensations

Parent company	Base salary 2021	Base salary 2020	Cash-based variable remuneration 2021	Cash-based variable remuneration 2020	Long-term equity-based remuneration 2021	Long-term equity-based remuneration 2020	Total 2021	Total 2020
Executives[1]	−91	−75			−22	−18	−113	−94
Others	−6,922	−6,732	−577	−574	−518	−439	−8,018	−7,744
TOTAL	**−7,013**	**−6,807**	**−577**	**−574**	**−540**	**−457**	**−8,131**	**−7,838**

1) Comprises President and ordinary members of GEC.

Loans to Executives

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Managing Directors and Deputy Managing Directors [1]	160	141	72	67
Boards of Directors [2]	316	270	78	70
TOTAL	**476**	**411**	**150**	**137**

1) Comprises current President and Deputy President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 34 (36) of which 7 (7) female.
2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 104 (112) of which 37 (38) female.

Pension commitments to Executives

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Pension disbursements made	104	96	84	74
Change in commitments	31	25	14	9
Commitments at year-end	1,273	1,369	748	794

The above commitments are covered by the bank's pensions funds or through bank-owned endowment assurance schemes. They include active and retired Presidents and vice Presidents in the parent company and Managing directors and Deputy Managing directors in subsidiaries, in total 90 persons (91).

8b Pensions

Retirement benefit obligations

The group has established pension schemes in the countries where business is performed. There are both defined benefit plans and defined contribution plans. The major pension schemes are final salary defined benefit plans and are funded. The defined benefit plan in Sweden is closed to new employees and a defined contribution plan was established during 2013. In Germany a major part was transferred from SEB in 2018. The defined contribution plans follow the local regulations in each country. Multiemployer defined benefit plans exist for employees in some parts of the group. These plans are accounted for as defined contribution plans since sufficient information of SEB's share of the liability/asset and cost is not available.

Defined benefit plans

The major defined benefit plans exist in Sweden and Germany and cover most employees in these countries. Independent actuarial calculations according to the Projected Unit Credit Method (PUCM) are performed quarterly to decide the value of the defined benefit obligation. The benefits covered include retirement benefits, disability, death and survivor pensions according to the respective countries' collective agreements. The plan assets are kept separate in specific pension foundations. In case of a deficit in the pension obligation according to local rules SEB is obliged to meet this with contribution to the foundation or insure a deficit. The asset allocation is determined to meet the various risks in the pension obligations and is decided by the board/trustees in the pension foundations. The assets are booked at market value. The pension and interest costs are presented in Staff costs.

Defined contribution plans

Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the closed collective retirement agreement is defined contribution based. Over a certain salary level the employees could also choose to leave the defined benefit plan and replace it by a defined contribution plan. The current plan for new employees is fully contribution based. Most other countries have defined contribution plans except for the Baltic countries where the company to a limited extent contributes to the employees retirement. The defined contribution plans are not recognised in the balance sheet but accounted for as an expense among Staff costs.

DEFINED BENEFIT PLANS IN SEB GROUP

	2021			2020		
Net amount recognised in the Balance sheet	Sweden[1]	Foreign[1]	Group[1]	Sweden[1]	Foreign[1]	Group[1]
Defined benefit obligation at the beginning of the year	31,228	928	**32,156**	30,872	1,005	**31,876**
Curtailment, acquisitions and reclassification[2]					−36	**−57**
Service costs	574	6	**580**	578	12	**590**
Interest costs	280	5	**285**	339	3	**−341**
Benefits paid	−801		**−801**	−796	−8	**−804**
Change in exchange rates		−6	**−6**			
Remeasurements of pension obligation	−3,755	10	**−3,745**	235	−47	**188**
Defined benefit obligation at the end of the year	**27,526**	**944**	**28,470**	**31,228**	**928**	**32,156**
Fair value of plan assets at the beginning of the year	38,515	514	**39,029**	36,417	645	**37,062**
Curtailment, acquisitions and reclassification[2]					−156	**−156**
Calculated interest on plan assets	343	0	**343**	396		**396**
Benefits paid/contributions	−1,488	−15	**−1,503**	−768	8	**−760**
Change in exchange rates		−4	**−4**			
Valuation gains (losses) on plan assets	13,960	4	**13,964**	2,470	17	**2,487**
Fair value of plan assets at the end of the year	**51,331**	**499**	**51,830**	**38,515**	**514**	**39,029**

Change in the net assets or net liabilities

	Sweden 2021	Foreign 2021	Group 2021	Sweden 2020	Foreign 2020	Group 2020
Defined benefit obligation at the beginning of the year	7,287	−414	**6,873**	5,545	−359	**5,186**
Curtailment, acquisitions and reclassification					−120	**−120**
Total expense in staff costs	−511	−12	**−523**	−520	−15	**−536**
Pension paid	801		**801**	796	8	**804**
Benefits paid/contributions	−1,488	−15	**−1,503**	−768		**−768**
Change in exchange rates		2	**2**		9	**9**
Remeasurements	17,716	−7	**17,709**	2,235	64	**2,299**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**23,804**	**−445**	**23,359**	**7,287**	**−414**	**6,873**

1) The net defined benefit obligation is recognised in the balance sheet either as an asset or liability depending on the situation for each legal entity.
2) Pension obligations and plan assets under the defined benefit plan in DSK Hyp AG (former SEB AG), have been transferred to Versicherungsverein des Bankgewerbes a.G (BVV).

In 2021 a contribution of SEK 5m (6) was paid to the German pension foundation. Contribution to the foundations cannot be ruled out in 2022 due to uncertainty in interest rate levels.

Note 8 b continued Pensions

Principal actuarial assumptions used

	2021		2020	
	Sweden	Foreign	Sweden	Foreign
Discount rate	1.6%	1.3%	0.9%	1.2%
Inflation rate	1.5%	1.8%	1.5%	1.8%
Expected rate of salary increase	3.0%	2.0%	3.0%	2.0%
Expected rate of increase in the income basis amount	2.8%		2.8%	

The discount rate is based set on high-quality corporate bonds in a deep market, in Sweden covered bonds which are at least AAA-rated. An extrapolation of the maturity of the covered bonds is made based on swaps. This extrapolated maturity is in line with the estimated maturity of obligations for post-employment benefits. Life expectancy assumptions in Sweden are established by the Actuarial Research Board (FTN) and are based on DUS14 for white-collar workers. In Germany the Heubeck Sterbetafeln is used. Weighted average duration for the obligation is 19 years in Sweden and 19 years in Germany.

A decrease of the discount rate for Sweden of 0.5 per cent would imply an increase of the Swedish pension obligation by SEK 2,707m while the same change in the inflation assumption for Sweden would have the opposite effect and decrease the obligation by SEK 2,267m. An increase of the discount rate by same ratio would reduce the obligation with SEK 2,485m and an increased inflation rate of 0.5 per cent gives an increased obligation of SEK 2,411m. A decrease in assumption for expected salary increase in Sweden of 0.5 per cent would have a positive effect on the obligation by SEK 321m an increase would have a negative effect of SEK 277m.

The obligation in Germany would increase with SEK 46m if the discount rate was reduced by 0.5 per cent. An increase by the same percentage would decrease the obligation by SEK 41m. If the inflation assumption for Germany increases by 0.25 per cent the pension obligation would increase by SEK 6m and corresponding decrease would be SEK 6m at a lower inflation assumption. A change in expected salary increases in Germany by 0.25 per cent would with a higher rate give an increase of the obligation with SEK 22m and with a lower rate reduce the obligation with SEK 24m.

Allocation of plan assets

	2021			2020		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Cash and cash equivalents	1,266	499	**1,764**	1,529	312	**1,841**
Equity instruments with a quoted market price in an active market	35,615		**35,615**	25,832		**25,832**
Equity instruments not listed in an active market	8,554		**8,554**	5,227		**5,227**
Debt instruments with a quoted market price in an active market					202	**202**
Debt instruments not listed in an active market	2,859		**2,859**	2,999		**2,999**
Properties	3,037		**3,037**	2,929		**2,929**
TOTAL	**51,331**	**499**	**51,830**	**38,515**	**514**	**39,029**

The pension plan assets include SEB shares with a fair value of SEK 1,903m (1,275). Buildings in Sweden are occupied by SEB.

Amounts recognised in Income statement

	2021			2020		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Service costs	−574	−6	**−581**	−578	−12	**−590**
Interest costs	−280	−5	**−286**	−339	−3	**−341**
Calculated interest on plan assets	343	0	**343**	396		**396**
INCLUDED IN STAFF COSTS	**−511**	**−12**	**−523**	**−520**	**−15**	**−536**

Amounts recognised in Other comprehensive income

	2021 Sweden	2021 Foreign	2021 Group	2020 Sweden	2020 Foreign	2020 Group
Remeasurements of pension obligation	3,755	−10	**3,745**	−235	47	**−188**
where of experience adjustments	*146*	*−8*	***138***	*523*	*−6*	***516***
where of due to changes in financial assumptions	*3,609*	*−2*	***3,607***	*−758*	*53*	***−705***
Valuation gains (losses) on plan assets	13,960	4	**13,964**	2,470	17	**2,487**
Deferred tax pensions	−3,648	0	**−3,648**	−461	1	**−460**
INCLUDED IN OTHER COMPREHENSIVE INCOME	**14,068**	**−7**	**14,061**	**1,774**	**66**	**1,839**

DEFINED CONTRIBUTION PLANS IN SEB GROUP

	2021			2020		
Net amount recognised in Income statement	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs including special salary tax	−729	−237	**−966**	−758	−228	**−986**

DEFINED BENEFIT PLANS IN THE PARENT COMPANY

Net amount recognised in the Balance sheet	Parent company	
	2021	**2020**
Defined benefit obligation at the beginning of the year	28,094	26,490
Imputed pensions premium	199	202
Interest costs and other changes	–1,191	2,048
Early retirement	108	122
Pension disbursements	–772	–768
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	**26,437**	**28,094**

Fair value of plan assets at the beginning of the year	37,109	35,113
Return on assets	13,872	2,764
Benefits paid	–1,488	–768
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**49,493**	**37,109**

The above defined benefit obligation is calculated according to tryggandelagen. The parent company consequently adopts the discount rate set by the Swedish FSA before year-end. The obligation is fully covered by assets in the pension foundation and is not included in the balance sheet.

The assets in the foundation are mainly equity related SEK 42,479m (29,842) and to a smaller extent interest earning SEK 3,977m (4,339). The assets include SEB shares at a market value of SEK 1,835m (1,230) and buildings occupied by the company valued at SEK 3,037m (2,929). The return on assets was 33 per cent (6) after pension compensation.

Amounts recognised in Income statement

	Parent company	
	2021	**2020**
Pension disbursements	–772	–768
Compensation from pension foundations	1,488	768
TOTAL	**716**	**0**

Principal actuarial assumptions used

Gross interest rate	0.2%	–0.1%
Interest rate after tax	0.2%	–0.1%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN THE PARENT COMPANY

Net amount recognised in Income statement	Parent company	
	2021	**2020**
Expense in Staff costs including special salary tax	–27	–774

Pension foundations

	Pension commitments		Market value of asset	
	2021	**2020**	**2021**	**2020**
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	26,437	28,094	49,493	37,109
SEB Kort AB:s Pensionsstiftelse	1,100	1,151	1,838	1,406
TOTAL	**27,537**	**29,245**	**51,331**	**38,515**

8c Remuneration to the Board and the Group Executive Committee

Guidelines for remuneration

The guidelines for remuneration to the President and the other members of the Group Executive Committee (GEC) were prepared by the Board of Directors and its Remuneration and Human Resources Committee and approved by the Annual General Meeting 2021.

The remuneration structure for the President and the other members of the GEC is in accordance with the remuneration policy for the bank. No member of the GEC has been entitled to cash based variable remuneration since 2009. Thus, the remuneration is based upon three main components; base pay, equity-based remuneration and pensions and other benefits. Other benefits may consist of e.g. company car, health promoting support and domestic services.

→ For more information, see page 106–107.

Identified staff

The President and the other members of the GEC are considered employees who have a material impact on SEB's risk profile according to the Swedish Financial Supervisory Authority regulations (FFFS 2011:1).

Remuneration to the Board[1], SEK

	2021				2020			
	Base pay	Directors' fee	Benefits[2]	Total	Base pay	Directors' fee	Benefits[2]	Total
Chairman of the Board, Marcus Wallenberg		4,095,000		**4,095,000**		3,935,000		**3,935,000**
Vice chairman of the Board, Sven Nyman		1,410,000		**1,410,000**		1,355,000		**1,355,000**
Vice chairman of the Board, Jesper Ovesen		1,930,000		**1,930,000**		1,845,000		**1,845,000**
Signhild Arnegård Hansen		1,175,000		**1,175,000**		1,127,500		**1,127,500**
Anne-Catherine Berner		975,000		**975,000**		935,000		**935,000**
Winnie Fok		1,055,000		**1,055,000**		1,005,000		**1,005,000**
Lars Ottersgård[3]				**0**				**0**
Helena Saxon		1,220,000		**1,220,000**		1,165,000		**1,165,000**
President and CEO, Johan Torgeby	12,500,000		180,728	**12,680,728**	12,500,000		385,067	**12,885,067**
TOTAL	**12,500,000**	**11,860,000**	**180,728**	**24,540,728**	**12,500,000**	**11,367,500**	**385,067**	**24,252,567**

1) The number of Board members decided by the AGM in 2021 is nine (nine) of which five (five) are men and four (four) women.
2) Includes benefits such as company car and holiday pay.
3) Lars Ottersgård has declined his director's fee.

Remuneration to the Group Executive Committee, SEK[1]

	2021	2020
Base pay	78,300,985	62,839,817
Benefits[2]	2,110,538	1,702,888
TOTAL	**80,411,523**	**64,542,705**

1) GEC excluding the President and CEO. The members partly differ between the years but in average fourteen (twelve) members are included. At the end of the year the number of members were fourteen (thirteen) of which nine (eight) were men and five (five) women. Additional members are not included.
2) Includes benefits such as company car.

Long-term equity-based programmes

Under the Share Deferral Programme members of the GEC may be granted an individual number of conditional share rights based on the fulfilment of pre-determined group, business unit and individual targets as outlined in SEB's business plan. The targets are set on an annual basis as a mix of the financial targets Return on Equity/Return on Business Equity and cost development and the non-financial targets customer satisfaction and sustainability among others. For GEC the initial allotment may not exceed 100 per cent of the base pay.

Ownership of 50 per cent of the share rights are transferred to the participant after a qualification period of three years, 50 per cent after a qualification period of five years. After each respective qualification period there is an additional holding period of one year after which the share rights can be exercised. Each share right carries the right to receive one Class A share in the bank. There is normally a requirement for vesting that the participant remains with SEB during the first three years, but some exemption apply. A further requirement for vesting for GEC members is that they hold shares in SEB equivalent to one year salary net of taxes, acquired no later than on a pro-rata basis during the initial three year vesting period.

GEC is not participating in the SMP 2012–2015 nor the All Employee Programme (AEP) except for outstanding rights earned before being member of GEC.

Long-term equity-based programmes (expensed amounts for ongoing programmes), SEK

	2021	2020
President and CEO, Johan Torgeby	4,308,094	3,662,898
Other members of the Group Executive committee[1]	17,762,202	14,819,988
TOTAL	**22,070,296**	**18,482,886**

1) GEC excluding the President and CEO. The members partly differ between the years but in average fourteen (twelve) members are included. At the end of the year the number of members were fourteen (thirteen). Additional members are not included.

Some of the GEC members have previously received rights in the All Employee Programme. The corresponding calculated costs and number of outstanding rights/shares are not included in the tables.

Number outstanding by 2021-12-31

	Number outstanding			
	President and CEO Johan Torgeby	Other members of the GEC	Total	First day of exercise
2012: Share matching rights	26,275		**26,275**	2015
2013: Share matching rights	40,563		**40,563**	2016
2014: Share matching rights	20,790		**20,790**	2017
2013: Share rights		222	**222**	2017;2019[1)]
2014: Conditional share rights/Share rights		5,315	**5,315**	2018;2020[1)]
2015: Conditional share rights/Share rights	13,750	31,417	**45,167**	2019;2021[1)]
2016: Conditional share rights/Share rights	46,920	122,776	**169,696**	2020;2022[1)]
2017: Conditional share rights	35,588	120,673	**156,261**	2021;2023[1)]
2018: Conditional share rights	57,826	265,949	**323,775**	2022;2024[1)]
2019: Conditional share rights	71,813	291,215	**363,028**	2023;2025[1)]
2020: Conditional share rights	75,251	304,839	**380,090**	2024;2026[1)]
2021: Conditional share rights	63,138	247,560	**310,698**	2025;2027[1)]

1) The qualification period ends after three or five years respectively and are followed by a holding period of one year.

During the year the President and CEO has exercised rights to a value of SEK 0 (0). The corresponding value for the GEC excluding the President is SEK 38,407,139 (7,485,759).

Pension and severance pay

The pension agreement of the President is contribution-based and inviolable. The pension contribution is a fixed amount.

Termination of employment by the bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are inviolable and defined contribution-based except for a portion in the collective agreement for some GEC members employed in the bank before 1 May 2013.

Termination of employment by the bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

Pension costs (service costs and interest costs and defined contribution premiums), SEK

	2021	2020
President and CEO, Johan Torgeby	4,104,268	4,071,351
Other members of the Group Executive committee[1)]	20,802,945	18,893,127
TOTAL	**24,907,213**	**22,964,479**

1) GEC excluding the President and CEO. The members partly differ between the years but in average fourteen (twelve) members are included. At the end of the year the number of members were fourteen (thirteen).

For information about related parties see note 45.

8d Share-based payments

Long-term equity-based programmes

2021	Restricted share programme	All employee programme	Share deferral programme	Share matching programme[1]
Outstanding at the beginning of the year	3,054,979	10,231,276	20,049,853	295,516
Granted[2]	1,349,842	2,960,672	7,230,535	6,950
Forfeited	−347,758	−684,363	−4,093,315	
Exercised[3]	−1,080,878	−2,368,433	−5,006,697	−214,838
Expired	−3,967		−18,000	
OUTSTANDING AT THE END OF THE YEAR	**2,972,218**	**10,139,153**	**18,162,376**	**87,628**
of which exercisable	*40,203*		*2,266,457*	*87,628*

2020	Restricted share programme	All employee programme	Share deferral programme	Share matching programme[1]
Outstanding at the beginning of the year	2,497,099	10,890,298	21,619,894	800,241
Granted[2]	1,704,136	2,387,512	8,704,718	
Forfeited	−383,252	−424,145	−4,817,089	
Exercised[3]	−745,016	−2,622,389	−5,450,676	−465,654
Expired	−17,988		−6,994	−39,071
OUTSTANDING AT THE END OF THE YEAR	**3,054,979**	**10,231,276**	**20,049,853**	**295,516**
of which exercisable			*2,622,920*	*295,516*

1) Numbers include investments done by participants, as well as allocated matching share rights.
2) Including compensation for dividend.
3) Weighted average share price for SMP and SDP at exercise SEK 108.98 (84.33).

Total Long-term equity-based programmes

	Original no of holders[4]	No of issued (maximum outcome)	No of outstanding 2021[5]	No of outstanding 2020[5]	A share per option/share	Validity	First date of exercise
2012: Share matching programme[1]	432	7,024,168	26,275	25,309	4	2012–2019	2015[2]
2013: Share matching programme[1]	213	3,485,088	40,563	108,545	4	2013–2020	2016[2]
2014: Share matching programme[1]	96	1,300,288	20,790	161,662	4	2014–2021	2017[2]
2012: Share deferral programme – equity settled	86	1,199,504		15,962	1	2012–2021	2015/2017[3]
2013: Share deferral programme – equity settled	263	1,361,861	47,037	173,334	1	2013–2022	2016/2018[3]
2014: Share deferral programme – equity settled	622	1,909,849	169,201	620,647	1	2014–2023	2017/2019[3]
2015: Share deferral programme – equity settled	816	2,603,843	451,545	1,048,976	1	2015–2024	2018/2020[3]
2015: Share deferral programme – cash settled	513	1,717,150		153,926		2015–2021	2018/2020[3]
2016: Share deferral programme – equity settled	874	3,593,155	1,102,262	1,601,304	1	2016–2025	2019/2021[3]
2016: Share deferral programme – cash settled	500	2,017,622	204,992	199,032		2016–2022	2019/2021[3]
2017: Share deferral programme – equity settled[1]	1,373	4,439,824	1,629,690	4,289,603	1	2017–2026	2020/2022[3]
2017: Share deferral programme – cash settled	75	206,125	29,589	212,529		2017–2023	2020/2022[3]
2018: Share deferral programme – equity settled[1]	788	3,785,769	3,549,121	3,486,743	1	2018–2027	2021/2023[3]
2018: Share deferral programme – cash settled	14	97,770	100,310	97,770		2018–2024	2021/2023[3]
2019: Share deferral programme – equity settled[1]	861	4,023,585	3,702,061	3,862,029		2019–2028	2022/2023[3]
2019: Share deferral programme – cash settled	16	109,028	98,577	105,587		2019–2025	2022/2022[3]
2020: Share deferral programme – equity settled[1]	901	4,053,085	3,894,174	4,053,085		2020–2029	2023/2025[3]
2020: Share deferral programme – cash settled	21	129,326	121,271	129,326		2020–2026	2023/2025[3]
2021: Share deferral programme – equity settled[1]	1,040	2,974,455	2,974,455			2021–2027	2024/2026[3]
2021: Share deferral programme – cash settled	22	88,091	88,091			2021–2030	2024/2026[3]
2018: Restricted Share programme – equity settled	411	1,378,367	326,550	612,677	1	2018–2022	2019/2022[3]
2018: Restricted Share programme – cash settled	28	71,555	15,680	31,358		2018–2022	2019/2022[3]
2019: Restricted Share programme – equity settled	413	1,420,596	692,729	1,012,553		2019–2023	2020/2022[3]
2019: Restricted Share programme – cash settled	29	73,375	31,898	48,543		2019–2023	2020/2022[3]
2020: Restricted Share programme – equity settled	408	1,274,946	931,825	1,274,946		2020–2024	2021/2023[3]
2020: Restricted Share programme – cash settled	29	74,902	47,782	74,902		2020–2024	2021/2023[3]
2021: Restricted Share programme – equity settled	416	878,843	878,843			2021–2025	2022/2023[3]
2021: Restricted Share programme – cash settled	25	46,911	46,911			2021–2025	2022/2023[3]
2017: All employee programme – equity settled	7,954	1,613,740		1,441,981	1	2017–2020	2021
2017: All employee programme – cash settled	6,867	924,166		744,200		2017–2020	2021
2018: All employee programme – equity settled	8,086	1,969,746	1,745,006	1,780,403	1	2018–2021	2022
2018: All employee programme – cash settled	6,863	1,186,810	991,375	1,046,189		2018–2021	2022
2019: All employee programme – equity settled	8,137	1,832,363	1,648,425	1,704,156	1	2019–2022	2023
2019: All employee programme – cash settled	7,159	1,246,304	1,041,404	1,126,835		2019–2022	2023
2020: All employee programme – equity settled	8,346	1,534,896	1,477,867	1,534,896	1	2020–2023	2024
2020: All employee programme – cash settled	7,192	852,616	790,336	852,616		2020–2023	2024
2021: All employee programme – equity settled	8,269	1,547,775	1,547,775			2021–2024	2025
2021: All employee programme – cash settled	7,302	896,965	896,965			2021–2024	2025
TOTAL		**64,944,462**	**31,361,375**	**33,631,624**			

1) The exercise period for GEC members is extended during the period that they are GEC members.
2) As soon as practically possible following the end of the performance period, the establishing of the outcome of number of Matching Shares and the allocation of the A shares and, if applicable, the Matching Shares.
3) As soon as possible following the end of the performance period the outcome is established. For the equity-settled programmes the ownership of the performance shares is transferred upon registration, but the shares are withheld for one additional year. Cash-settled programmes are paid out in connection with the following payroll run.
4) In total approximately 2,000 individuals (2,000) participated in any of the programmes, All Employee Programme excluded.
5) Including additional deferral rights for dividend compensation.

Long-term equity-based programmes

The Annual General meeting 2021 decided on three Long-term equity-based programmes, one *Share Deferral Programme*, one *Restricted Share Programme* and one *All Employee Programme*.

The first *Share Deferral Programme* was introduced in 2012 for the Group Executive Committee and certain other executive managers and key employees with critical competences. The participants are granted an individual number of conditional share rights based on pre-determined group, division/business unit and individual target levels, both financial (Return on Equity/Return on Business Equity and cost development) and non-financial (customer satisfaction and parameters such as compliance, employee commitment, SEB's corporate sustainability and risk management), set on an annual basis.

For GEC members and other senior executives 50 per cent of the share rights ownership is transferred after a qualification period of three years and 50 per cent after a qualification period of five years. For Identified staff 50 per cent of the share rights has a qualification period of three years and 50 per cent has a qualification period of four years. For other participants the qualification period is three years. The requirement for vesting is normally that the participant remains with SEB during the first three years and for GEC members and their direct reports that the participant holds shares in SEB equal to a predetermined amount, acquired no later than on a pro-rata basis during the initial three year period. After each respective qualification period there is an additional holding period of one year after which the share rights can be exercised, normally during a period of three years. Each share right carries the right to receive one Class A share in the bank. In countries mainly outside Europe the participants receives so called phantom shares that gives the right to receive cash adjusted for the share price development during the qualification period and thereafter the total shareholder return of the SEB A share at the end of the holding period.

In the programs starting from 2018 and 2019 programmes the holders are only compensated for dividends after the qualification period, in the previous programmes the holders are compensated for dividends to the shareholders during the full period. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year, taking the dividend into account depending on programme. The share rights are not securities that can be sold, pledged or transferred to others. However, an estimated value per share right has been calculated for 2021 to SEK 82 (63) for a qualification period of three years and SEK 78 (60) for a qualification period of five years (based upon an average closing price of one SEB Class A share at the time of grant).

In 2018 a Restricted Share Programme was introduced in order to ensure a competitive and attractive remuneration model within certain business units and to comply with new regulations implemented. The participants are selected employees on the level below senior executives. They are granted an individual number of conditional / share rights based on the fulfilment of pre-determined group, business unit and individual targets as outlined in SEB's business plan, set on an annual basis as a mix of financial and non-financial targets.

The ownership of the share rights are transferred to the participants during a three or four year period in either three or four annual instalments. The share rights are subject to restrictions in terms of e.g. certain regulatory and employment requirements during the period between initial allotment and the transfer of the ownership. After the transfer of ownership there is an additional holding period of one year before the share rights can be exercised. Each share right carries the right to receive one SEB Class A share. The share rights are not securities that can be sold, pledged or transferred to others. However, an estimated value per share right has been calculated for 2021 to SEK 107 (84) for the first installment to SEK 99 (77) for the remaining instalments (based upon an average closing price of one SEB Class A share at the time of grant).

In 2013 an All Employee Programme was introduced for most employees, where 50 per cent of the outcome is paid in cash and 50 per cent is deferred for three years and paid in SEB A shares. Deferrals will normally only be obtained under the condition that the employee remains with SEB. In Sweden the deferred part is paid out in SEB A shares, adjusted for dividends. In all other countries the deferred part is paid out in cash adjusted for total shareholder return of the SEB A share. The initial outcome is capped at a maximum amount, which was adjusted in 2016, for each geography and is based on the fulfilment of pre-determined group targets outlined in SEB's business plan, both financial (Return on Equity and cost development) and non-financial (customer satisfaction). The outcome in 2021 year's programme was 67 per cent (45) of the maximum amount. In Sweden the maximum amount is SEK 75,000.

Previously allotted programmes

Between 2009 and 2014 a *Share Matching Programme* for a number of selected senior executives and other key employees has been run. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A shares. All programmes require own investment. The investment amount is pre-determined and capped for each participant. After three years, if still employed, the participant receives one Class A share/share rights for each invested share/share right and a conditional number of performance based matching shares for each invested share / share right. From 2012 the settlement is in the form of share rights with an exercise period of four years. The 2014 programme was closed in 2017 with 63 per cent matching.

→ Further details of the outstanding programmes are found in the table above.

8e Number of employees

Average number of employees 2021	Group			Parent company		
	Men	Women	Total	Men	Women	Total
Sweden	4,268	4,172	**8,440**	3,719	3,428	**7,147**
Norway	219	150	**369**	186	115	**301**
Denmark	209	118	**327**	163	77	**240**
Finland	149	123	**272**	126	108	**234**
Estonia	299	839	**1,138**			
Latvia	542	1,290	**1,832**	330	549	**879**
Lithuania	1,017	1,918	**2,935**	592	763	**1,355**
Germany	142	99	**241**	121	87	**208**
United Kingdom	59	40	**99**	59	40	**99**
Poland	54	66	**120**	54	66	**120**
Ukraine	16	36	**52**			
China	14	26	**40**	14	26	**40**
Ireland	47	48	**95**			
Luxembourg	84	75	**159**	81	67	**148**
Russia	21	66	**87**			
Singapore	26	64	**90**	26	64	**90**
United States	21	11	**32**	18	8	**26**
Hong Kong	8	11	**19**	8	11	**19**
TOTAL	**7,194**	**9,153**	**16,347**	**5,497**	**5,409**	**10,906**

2020	Men	Women	Total	Men	Women	Total
Sweden	4,035	4,203	**8,238**	3,549	3,410	**6,959**
Norway	226	149	**375**	194	109	**303**
Denmark	207	121	**328**	166	78	**244**
Finland	151	121	**272**	131	103	**234**
Estonia	294	850	**1,144**			
Latvia	490	1,227	**1,717**	276	471	**747**
Lithuania	996	1,872	**2,868**	558	682	**1,240**
Germany	162	116	**278**	133	93	**226**
United Kingdom	64	40	**104**	64	40	**104**
Poland	26	35	**61**	26	35	**61**
Ukraine	17	34	**51**			
China	15	26	**41**	15	26	**41**
Ireland	48	58	**106**			
Luxembourg	93	85	**178**	41	34	**75**
Russia	19	70	**89**			
Singapore	27	66	**93**	25	68	**93**
United States	27	13	**40**	19	14	**33**
Hong Kong	11	13	**24**	11	13	**24**
TOTAL	**6,908**	**9,099**	**16,007**	**5,208**	**5,174**	**10,382**

9 Other expenses

	Group		Parent company	
	2021	2020	2021	2020
Costs for premises[1)]	−682	−709	−1,294	−1,293
IT costs	−3,374	−3,361	−2,483	−2,825
Travel and entertainment	−85	−126	−59	−107
Consultants	−688	−687	−535	−553
Marketing	−268	−279	−143	−148
Information services	−710	−736	−637	−656
Other operating costs[2)]	44	33	−226	−622
TOTAL	**−5,763**	**−5,864**	**−5,377**	**−6,204**
1) Of which rental costs including leasing cost for premises			−1,003	−975

2) Net after deduction for capitalised costs, see also note 23.

Fees and expense allowances to appointed auditors and audit firms[1)]

	Group		Parent company	
	2021	2020	2021	2020
Audit assignment	−26	−26	−15	−12
Audit related services	−8	−4	−3	−3
Tax advisory	0	0		
Other services	−3	−2	−1	
Ernst & Young	**−38**	**−32**	**−19**	**−15**

1) The parent company includes the foreign branches.

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, quarterly reviews, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include regulatory reporting and services in connection with issuing of certificates and opinions. Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to mergers and acquisitions activities, operational effectiveness and assessments of internal control.

10 Depreciation, amortisation and impairment of tangible and intangible assets

	Group		Parent company	
	2021	2020	2021	2020
Depreciation of tangible assets	−378	−354	−293	−265
Depreciation of equipment leased to clients			−4,783	−4,814
Depreciation of right-of-use assets	−844	−848	0	
Amortisation of intangible assets	−681	−613	−550	−500
Impairment of tangible assets	0			
Impairment of goodwill	−179			
Impairment of right-of-use assets	−8	−11		
Reversal of impairment on intangible assets		25		
Retirement and disposal on intangible assets	−20	−105	−18	−104
TOTAL	**−2,110**	**−1,906**	**−5,644**	**−5,683**

11 Gains less losses from tangible and intangible assets

	Group	
	2021	2020
Properties and equipment	7	4
Gains	**7**	**4**
Properties and equipment	−2	−11
Losses	**−2**	**−11**
TOTAL	**5**	**−7**

12 Net expected credit losses

	Group		Parent company	
	2021	**2020**	**2021**	**2020**
Impairment gains or losses – Stage 1	−105	−452	−138	−201
Impairment gains or losses – Stage 2	−233	−293	−146	−230
Impairment gains or losses – Stage 3	−185	−5,166	−407	−4,932
Impairment gains or losses	**−523**	**−5,911**	**−690**	**−5,364**
Write-offs and recoveries				
Total write-offs	−2,624	−2,757	−2,170	−2,281
Reversals of allowances for write-offs	2,395	2,364	2,040	2,030
Write-offs not previously provided for	−229	−393	−130	−250
Recovered from previous write-offs	242	187	76	64
Net write-offs	**13**	**−206**	**−54**	**−186**
NET EXPECTED CREDIT LOSSES	**−510**	**−6,118**	**−744**	**−5,550**
Net ECL level, %	0.02	0.26	0.03	0.26

13 Items affecting comparability

	Group	
	2021	**2020**
Other expense		−1,000
Total operating expense		**−1,000**
Items affecting comparability		**−1,000**
Income tax on items affecting comparability		
Items affecting comparability after tax		**−1,000**

The table shows the rows in which the Items affecting comparability would have been reported if not presented as an item affecting comparability.

Items affecting comparability 2020
The Swedish Financial Supervisory Authority (FSA) finalised its review of SEB's governance and control of measures against money laundering in SEB's Baltic banks. The Swedish FSA decided to issue SEB a remark, which is a lower degree of an administrative sanction that is issued when a breach has not been deemed to be serious. The Swedish FSA also decided to issue SEB an administrative fine of SEK 1,000m, which corresponds to about 14 per cent of the maximum amount the Swedish FSA can impose in this case.

14 Appropriations

	Parent company	
	2021	**2020**
Group contribution	2,349	1,105
Accelerated tax depreciation	1,490	1,285
TOTAL	**3,839**	**2,390**

15 Taxes

Major components of tax expense	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Current tax	–6,255	–4,836	–5,332	–4,636
Deferred tax	786	456	225	172
Tax for current year	–5,470	–4,380	–5,108	–4,463
Current tax for previous years	29	280	127	278
INCOME TAX EXPENSE	**–5,441**	**–4,100**	**–4,980**	**–4,185**

In the parent company, other taxes amounts to SEK 352m (451) and includes deferred tax of SEK 225m (172) and current tax for previous years of SEK 127m (278).

Relationship between tax expenses and accounting profit

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Net profit	25,423	15,746	22,751	14,614
Income tax expense	5,441	4,100	4,981	4,185
Accounting profit before tax	**30,864**	**19,846**	**27,732**	**18,799**
Current tax at Swedish statutory rate of 20.6 per cent (21.4)	–6,357	–4,246	–5,713	–4,023
Tax effect relating to other tax rates in other jurisdictions	–61	181		
Tax effect relating to not tax deductible expenses	–319	–1,350	–604	–1,304
Tax effect relating to non-taxable income	1,040	911	984	692
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	–558	–339		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference		6		
Current tax	**–6,255**	**–4,836**	**–5,333**	**–4,636**
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	558	339		
Tax effect relating to changes in tax rates or the imposition of new taxes	–7	13		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	234	104	225	172
Deferred tax	**786**	**456**	**225**	**172**
Current tax for previous years	**29**	**280**	**127**	**278**
INCOME TAX EXPENSE [1]	**–5,441**	**–4,100**	**–4,981**	**–4,185**

1) Total income tax expense in the SEB Group was SEK 5,441m (4,100). The effective tax rate for the year was 17.6 per cent (20.7). Excluding Items affecting comparability, the effective tax rate was 17.6 per cent (19.7).

Deferred tax income and expense recognised in income statement

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Accelerated tax depreciation	251	341		
Pension plan assets, net	246	118		
Tax losses carry forwards	–4	5		
Other temporary differences	292	–8	225	172
TOTAL	**786**	**456**	**225**	**172**

Current tax assets

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Other	15,359	6,070	1,915	2,516
Recognised in profit and loss	**15,359**	**6,070**	**1,915**	**2,516**
TOTAL	**15,359**	**6,070**	**1,915**	**2,516**

Deferred tax assets

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Tax losses carry forwards	7	11		
Pension plan assets, net		1		
Other temporary differences[1]	663	424	398	172
Recognised in profit and loss	**670**	**436**	**398**	**172**
Unrealised result in cash flow hedges	5	7	5	13
Recognised in Shareholders' equity	**5**	**7**	**5**	**13**
TOTAL	**675**	**444**	**403**	**185**

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Tax losses carried forward in the SEB Group for which the tax assets are not recognised in the balance sheet amount to SEK 8,355m (7,154) gross. These are not recognised due to the uncertainty in the possibility to use them. This includes losses where the amount can only be used for trade tax. The potential tax asset not recognised is SEK 2,166m (1,782).

All losses carried forward recognized and unrecognized are without time restrictions however all losses carried forward but SEK 30m have conditions that there are no change of control.

Note 15 continued Taxes

Current tax liabilities

	Group		Parent company	
	2021	2020	**2021**	2020
Other	1,384	993	801	376
Recognised in profit and loss	**1,384**	**993**	**801**	**376**
TOTAL	**1,384**	**993**	**801**	**376**

Deferred tax liabilities

	Group		Parent company	
	2021	2020	**2021**	2020
Accelerated tax depreciation	5,352	5,603		
Pension plan assets and obligations, net	−588	−342		
Other temporary differences[1]	98	106		
Recognised in profit and loss	**4,862**	**5,367**		
Pension plan assets and obligations, net	5,308	1,774		
Unrealised result in cash flow hedges	184	71		
Other			37	36
Recognised in Shareholders' equity	**5,492**	**1,845**	**37**	**36**
TOTAL	**10,354**	**7,212**	**37**	**36**

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

In Estonia is advance income tax payments on profits at a rate of 14 per cent are made quarterly. The income tax paid in advance can be netted against tax payable on dividend distributions, where the tax rate is between 20 and 14 per cent. No deferred tax liability is recognised related to possible future tax costs on dividends from Estonia. Since 2018 no income tax is paid in Latvia unless profit is distributed. No deferred tax liability is recognised related to possible future tax costs on dividends from Latvia. The tax rate applicable to dividends in Latvia is 20 per cent.

16 Earnings per share

	Group	
	2021	2020
Net profit attributable to shareholders in Skandinaviska Enskilda Banken AB (publ), SEK m	25,423	15,746
Weighted average number of shares outstanding, millions	2,164	2,163
Basic earnings per share, SEK	11.75	7.28
Net profit attributable to shareholders in Skandinaviska Enskilda Banken AB (publ), SEK m	25,423	15,746
Weighted average number of diluted shares, millions	2,179	2,177
Diluted earnings per share, SEK	11.67	7.23

Dilution[1]

Weighted average number of shares outstanding, millions	2,164	2,163
Adjustment for diluted weighted average number of additional Class A shares, millions	15	14
Weighted average number of diluted shares, millions	2,179	2,177

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

17 Cash and cash balances at central banks

	Group		Parent company	
	2021	2020	2021	2020
Cash	2,157	2,155	2	11
Cash balances at central banks	437,187	321,621	371,465	294,380
TOTAL	**439,344**	**323,776**	**371,466**	**294,391**

18 Loans

	Group		Parent company	
	2021	2020	2021	2020
Lending	3,973	404	3,646	308
Reverse repos	481	3,229	481	3,229
Loans to central banks	**4,454**	**3,633**	**4,127**	**3,537**
Lending	29,670	27,776	45,437	50,430
Collateral margins	24,433	12,762	23,882	12,202
Reverse repos	5,906	10,253	888	4,858
Loans to credit institutions	**60,009**	**50,791**	**70,207**	**67,490**
Lending	1,721,532	1,599,492	1,516,326	1,398,079
Collateral margins	43,555	58,759	43,731	59,322
Reverse repos	81,274	111,910	81,274	111,910
Loans to the public	**1,846,362**	**1,770,161**	**1,641,332**	**1,569,310**
TOTAL	**1,910,824**	**1,824,586**	**1,715,665**	**1,640,337**

Loans by measurement category

	Group				Parent company			
2021	FVHFT	FVMPL	AmC	Total	FVHFT	FVMPL	AmC	Total
Loans to central banks	481		3,973	**4,454**	481		3,646	**4,127**
Loans to credit institutions	888		59,121	**60,009**	888		69,319	**70,207**
Loans to the public	81,274	2,459	1,762,628	**1,846,362**	81,274	2,459	1,557,598	**1,641,332**
TOTAL	**82,643**	**2,459**	**1,825,722**	**1,910,824**	**82,643**	**2,459**	**1,630,563**	**1,715,665**
2020								
Loans to central banks	3,229		404	**3,633**	3,229		308	**3,537**
Loans to credit institutions	4,858		45,933	**50,791**	4,858		62,632	**67,490**
Loans to the public	111,910	127	1,658,124	**1,770,161**	111,910	127	1,457,273	**1,569,310**
TOTAL	**119,997**	**127**	**1,704,461**	**1,824,586**	**119,997**	**127**	**1,520,213**	**1,640,337**

Note 18 continued Loans

Exposure and expected credit loss (ECL) allowances by stage

The table shows gross carrying amounts for exposures on balance measured at amortised cost and nominal amounts for exposures off-balance divided by stage as a mean to put ECL allowances in context to total exposure. For trade receivables a simplified approach based on past-due information is used to calculate loss allowances.

Group, 2021

Stage 1 (12-month ECL)	Gross carrying amounts/ Nominal amounts	ECL allowances	Carrying amounts/ Net amounts	ECL coverage ratio, %
Debt securities	8,544	–1	8,543	
Loans[1)]	1,772,979	–984	1,771,995	
Financial assets	1,781,523	–985	1,780,538	
Financial guarantees and Loan commitments	830,403	–375	830,028	
Total	**2,611,926**	**–1,358**	**2,610,566**	**0.05**
Stage 2 (lifetime ECL)[2)]				
Loans[1)]	62,127	–1,456	60,671	
Financial assets	62,127	–1,456	60,671	
Financial guarantees and Loan commitments	15,873	–198	15,675	
Total	**78,000**	**–1,654**	**76,346**	**2.12**
Stage 3 (credit impaired/lifetime ECL)[3)]				
Loans[1)]	9,827	–5,707	4,119	
Financial assets	9,827	–5,707	4,119	
Financial guarantees and Loan commitments	170	–67	103	
Total	**9,997**	**–5,774**	**4,223**	**57.76**
Total Stage 1–3				
Debt securities	8,544	–1	8,543	
Loans[1)]	1,844,932	–8,147	1,836,785	
Financial assets	1,853,477	–8,148	1,845,329	
Financial guarantees and Loan commitments	846,446	–640	845,806	
TOTAL	**2,699,923**	**–8,786**	**2,691,135**	**0.33**

1) Including trade and client receivables presented as other assets.
2) Whereof gross carrying amounts SEK 1,858m and ECL allowances SEK 1m under Lifetime ECLs -simplified approach for trade receivables.
3) Whereof gross carrying amounts SEK 1,818m and ECL allowances SEK 1,296m for Purchased or Originated Credit Impaired loans.

Stage 3 loans / Total loans – gross, %	0.53
Stage 3 loans / Total loans – net, %	0.22

Group, 2020

Stage 1 (12-month ECL)	Gross carrying amounts/ Nominal amounts	ECL allowances	Carrying amounts/ Net amounts	ECL coverage ratio, %
Debt securities	12,191	0	12,191	
Loans[1)]	1,641,422	–972	1,640,449	
Financial assets	1,653,613	–972	1,652,640	
Financial guarantees and Loan commitments	740,472	–260	740,213	
Total	**2,394,086**	**–1,232**	**2,392,852**	**0.05**
Stage 2 (lifetime ECL)[2)]				
Loans[1)]	61,745	–1,208	60,537	
Financial assets	61,745	–1,208	60,537	
Financial guarantees and Loan commitments	16,375	–176	16,199	
Total	**78,120**	**–1,384**	**76,736**	**1.77**
Stage 3 (credit impaired/lifetime ECL)[3)]				
Loans[1)]	14,890	–7,331	7,559	
Financial assets	14,890	–7,331	7,559	
Financial guarantees and Loan commitments	700	–218	482	
Total	**15,590**	**–7,549**	**8,042**	**48.42**
Total Stage 1–3				
Debt securities	12,191	0	12,191	
Loans[1)]	1,718,057	–9,512	1,708,545	
Financial assets	1,730,249	–9,512	1,720,736	
Financial guarantees and Loan commitments	757,547	–653	756,895	
TOTAL	**2,487,796**	**–10,165**	**2,477,630**	**0.41**

1) Excluding demand deposits credit institutions and including trade and client receivables presented as other assets.
2) Whereof gross carrying amounts SEK 1,327m and ECL allowances SEK 2m under Lifetime ECLs -simplified approach for trade receivables.
3) Whereof gross carrying amounts SEK 2,274m and ECL allowances SEK 1,392m for Purchased or Originated Credit Impaired loans.

Stage 3 loans / Total loans – gross, %	0.87
Stage 3 loans / Total loans – net, %	0.44

Parent company, 2021

Stage 1 (12-month ECL)	Gross carrying amounts/ Nominal amounts	ECL allowances	Carrying amounts/ Net amounts	ECL coverage ratio, %
Debt securities	9,945	–1	9,944	
Loans[1]	1,581,242	–720	1,580,522	
Financial assets	1,591,187	–721	1,590,466	
Financial guarantees and Loan commitments	780,396	–304	780,092	
Total	**2,371,583**	**–1,024**	**2,370,558**	**0.04**
Stage 2 (lifetime ECL)[2]				
Loans[1]	57,331	–1,068	56,263	
Financial assets	57,331	–1,068	56,263	
Financial guarantees and Loan commitments	12,824	–164	12,660	
Total	**70,156**	**–1,233**	**68,923**	**1.76**
Stage 3 (credit impaired/lifetime ECL)[3]				
Loans[1]	8,056	–4,931	3,125	
Financial assets	8,056	–4,931	3,125	
Financial guarantees and Loan commitments	153	–61	92	
Total	**8,209**	**–4,992**	**3,217**	**60.81**
Total Stage 1–3				
Debt securities	9,945	–1	9,944	
Loans[1]	1,646,629	–6,719	1,639,911	
Financial assets	1,656,574	–6,719	1,649,855	
Financial guarantees and Loan commitments	793,373	–529	792,844	
TOTAL	**2,449,947**	**–7,249**	**2,442,698**	**0.30**

1) Including trade and client receivables presented as other assets.
2) Whereof gross carrying amounts SEK 1,289m and ECL allowances SEK 1m under Lifetime ECLs -simplified approach for trade receivables.
3) Whereof gross carrying amounts SEK 1,818m and ECL allowances SEK 1,296m for Purchased or originated credit impaired loans.

Stage 3 loans / Total loans, gross, %	0.49
Stage 3 loans / Total loans, net, %	0.19

Parent company, 2020

Stage 1 (12-month ECL)	Gross carrying amounts/ Nominal amounts	ECL allowances	Carrying amounts/ Net amounts	ECL coverage ratio, %
Debt securities	15,542	0	15,541	
Loans[1]	1,464,246	–693	1,463,553	
Financial assets	1,479,788	–693	1,479,094	
Financial guarantees and Loan commitments	697,137	–179	696,957	
Total	**2,176,925**	**–873**	**2,176,052**	**0.04**
Stage 2 (lifetime ECL)[2]				
Loans[1]	56,039	–904	55,136	
Financial assets	56,039	–904	55,136	
Financial guarantees and Loan commitments	13,186	–154	13,032	
Total	**69,225**	**–1,058**	**68,167**	**1.53**
Stage 3 (credit impaired/lifetime ECL)[3]				
Loans[1]	11,881	–6,027	5,854	
Financial assets	11,881	–6,027	5,854	
Financial guarantees and Loan commitments	462	–192	270	
Total	**12,343**	**–6,219**	**6,124**	**50.38**
Total Stage 1–3				
Debt securities	15,542	0	15,541	
Loans[1]	1,532,167	–7,624	1,524,543	
Financial assets	1,547,708	–7,624	1,540,084	
Financial guarantees and Loan commitments	710,784	–525	710,259	
TOTAL	**2,258,493**	**–8,149**	**2,250,344**	**0.36**

1) Excluding demand deposits credit institutions and including trade and client receivables presented as other assets.
2) Whereof gross carrying amounts SEK 1,409m and ECL allowances SEK 3m under Lifetime ECLs -simplified approach for trade receivables.
3) Whereof gross carrying amounts SEK 2,196m and ECL allowances SEK 1,337m for Purchased or originated credit impaired loans.

Stage 3 loans / Total loans, gross, %	0.78
Stage 3 loans / Total loans, net, %	0.38

Note 18 continued Loans

Loans and expected credit loss (ECL) allowances by industry

The table shows gross carrying amounts for loans measured at amortised cost and ECL allowances as a mean to put ECL allowances in context to overall lending.

	Gross carrying amounts				ECL allowances				Net carrying amount
Group, 2021	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Total
Banks	**89,669**	**2,044**	**5**	**91,718**	**–5**	**–2**	**–1**	**–8**	**91,709**
Finance and insurance	128,994	2,191	88	**131,273**	–61	–26	–6	**–93**	**131,180**
Wholesale and retail	78,198	1,762	192	**80,152**	–91	–43	–81	**–214**	**79,938**
Transportation	29,423	1,258	211	**30,892**	–30	–39	–50	**–119**	**30,773**
Shipping	43,719	4,460	1,507	**49,686**	–22	–42	–965	**–1,029**	**48,657**
Business and household services	153,028	7,258	1,556	**161,842**	–175	–189	–901	**–1,264**	**160,578**
Construction	11,286	815	307	**12,407**	–24	–101	–171	**–295**	**12,112**
Manufacturing	93,694	5,245	1,444	**100,384**	–82	–186	–961	**–1,229**	**99,155**
Agriculture, forestry and fishing	27,860	655	80	**28,595**	–22	–9	–27	**–58**	**28,538**
Mining, oil and gas extraction	10,475	1,834	2,182	**14,491**	–20	–344	–1,538	**–1,903**	**12,589**
Electricity, gas and water supply	52,965	409	189	**53,562**	–24	–30	–90	**–144**	**53,418**
Other	48,662	1,087	100	**49,850**	–36	–47	–37	**–120**	**49,730**
Corporates	**678,305**	**26,975**	**7,856**	**713,136**	**–587**	**–1,054**	**–4,827**	**–6,468**	**706,668**
Commercial real estate management	154,671	2,519	173	**157,364**	–70	–40	–65	**–175**	**157,189**
Residential real estate management	134,485	1,400	31	**135,915**	–45	–2	–2	**–49**	**135,866**
Real Estate Management	**289,156**	**3,919**	**204**	**293,279**	**–115**	**–42**	**–67**	**–224**	**293,055**
Housing co-operative associations	**61,885**	**6,536**	**2**	**68,423**	**0**	**0**	**–1**	**–2**	**68,421**
Public Administration	**14,102**	**239**	**1**	**14,342**	**–1**	**–4**	**–1**	**–5**	**14,337**
Household mortgages	599,193	18,767	796	**618,756**	–79	–140	–241	**–460**	**618,296**
Other	40,669	3,648	962	**45,279**	–196	–214	–569	**–979**	**44,300**
Households	**639,862**	**22,414**	**1,759**	**664,035**	**–275**	**–354**	**–810**	**–1,439**	**662,596**
TOTAL	**1,772,979**	**62,127**	**9,827**	**1,844,932**	**–984**	**–1,456**	**–5,707**	**–8,147**	**1,836,787**

Including trade and client receivables presented as other assets.

Group, 2020	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Net carrying amount Total
Banks	**86,112**	**1,917**	**14**	**88,043**	**–6**	**–2**	**–4**	**–12**	**88,031**
Finance and insurance	109,335	653	25	**110,014**	–43	–4	–7	**–54**	**109,959**
Wholesale and retail	69,523	2,215	459	**72,196**	–99	–65	–198	**–362**	**71,835**
Transportation	28,916	1,671	227	**30,814**	–36	–49	–74	**–159**	**30,656**
Shipping	42,697	2,895	1,480	**47,073**	–10	–20	–530	**–560**	**46,513**
Business and household services	132,841	6,834	1,559	**141,234**	–167	–237	–759	**–1,164**	**140,070**
Construction	10,736	706	356	**11,799**	–20	–35	–188	**–243**	**11,555**
Manufacturing	83,313	3,381	2,779	**89,473**	–89	–98	–1,372	**–1,559**	**87,914**
Agriculture, forestry and fishing	22,558	916	117	**23,591**	–19	–13	–29	**–61**	**23,530**
Mining, oil and gas extraction	16,797	1,498	4,963	**23,258**	–8	–205	–2,873	**–3,086**	**20,172**
Electricity, gas and water supply	45,216	608	175	**46,000**	–21	–26	–85	**–131**	**45,869**
Other	44,592	3,034	232	**47,859**	–33	–34	–93	**–161**	**47,698**
Corporates	**606,524**	**24,412**	**12,373**	**643,310**	**–546**	**–785**	**–6,209**	**–7,539**	**635,771**
Commercial real estate management	158,927	3,343	410	**162,680**	–72	–49	–127	**–248**	**162,432**
Residential real estate management	125,844	1,528	27	**127,399**	–36	–6	0	**–42**	**127,357**
Real Estate Management	**284,771**	**4,871**	**437**	**290,079**	**–108**	**–55**	**–127**	**–290**	**289,789**
Housing co-operative associations	**55,884**	**6,615**	**3**	**62,501**	**0**	**0**	**–2**	**–2**	**62,498**
Public Administration	**14,989**	**72**	**1**	**15,061**	**–1**	**–4**	**–1**	**–5**	**15,056**
Household mortgages	554,967	20,445	971	**576,383**	–86	–154	–307	**–547**	**575,836**
Other	38,176	3,414	1,090	**42,680**	–226	–209	–682	**–1,117**	**41,563**
Households	**593,143**	**23,859**	**2,062**	**619,063**	**–313**	**–363**	**–988**	**–1,664**	**617,399**
TOTAL	**1,641,422**	**61,745**	**14,890**	**1,718,057**	**–972**	**–1,208**	**–7,331**	**–9,512**	**1,708,545**

Excluding demand deposits credit institutions and including trade and client receivables presented as other assets.

Stage 3 loans (credit-impaired) and collaterals by sector

The table shows gross carrying amounts and ECL allowances for credit-impaired loans (Stage 3) and the collaterals received for these assets.

Group, 2021	Gross carrying amounts	ECL allowances	Carrying amounts	Collaterals received
Banks	5	−1	4	0
Corporates	7,856	−4,827	3,028	4,216
Real Estate Management	204	−67	137	161
Household co-operative associations	2	−1	1	2
Public Administration	1	−1	1	1
Households	1,759	−810	949	696
TOTAL	**9,827**	**−5,707**	**4,119**	**5,076**
Group, 2020				
Banks	14	−4	10	1
Corporates	12,373	−6,209	6,164	5,501
Real Estate Management	437	−127	310	404
Household co-operative associations	3	−2	1	2
Public Administration	1	−1	0	
Households	2,062	−988	1,074	853
TOTAL	**14,890**	**−7,331**	**7,559**	**6,761**

Exposure by risk classification category

The table shows gross carrying amounts for exposures on balance and nominal amounts for exposures off-balance by stage and risk classification category. The risk classification categories are further explained in Note 40.

Group, 2021	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)[1]	Total
Investment grade	2,018,878	20,570		**2,039,449**
Standard monitoring	585,675	39,970		**625,645**
Watch list	7,372	17,460		**24,832**
Default			9,997	**99,965**
TOTAL	**2,611,926**	**78,000**	**9,997**	**2,699,923**
Group, 2020				
Investment grade	1,803,559	19,177		**1,822,736**
Standard monitoring	584,778	42,071		**626,850**
Watch list	5,748	16,872		**22,620**
Default			15,590	**15,590**
TOTAL	**2,394,086**	**78,120**	**15,590**	**2,487,796**

1) Whereof gross carrying amounts SEK 1,818m (2,274) and ECL allowances SEK 1,296m (1,392) for Purchased or Originated Credit Impaired loans.

Movements in allowances for expected credit loss (ECL) allowances

Reconciliation of movements of allowance accounts for on balance exposures (Loans and Debt securities measured at amortised cost) and off balance exposures (Financial guarantees and Loan commitments).

2021	Group				Parent company			
Loans and Debt securities	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total
Opening balance	973	1,208	7,331	**9,512**	693	904	6,027	**7,624**
New and derecognised financial assets, net	355	−91	−351	**−87**	357	−25	−228	**103**
Changes due to change in credit risk	−361	299	759	**697**	−339	160	781	**603**
Changes due to modifications	2	6	0	**8**		5	0	**5**
Changes due to methodology change	−1	1	−56	**−55**	0	0	0	**0**
Decreases in ECL allowances due to write-offs			−2,395	**−2,395**			−2,040	**−2,040**
Change in exchange rates	15	32	419	**466**	10	24	391	**425**
TOTAL	**984**	**1,456**	**5,707**	**8,147**	**721**	**1,068**	**4,931**	**6,719**
Financial guarantees and Loan commitments								
Opening balance	260	176	218	**653**	179	154	192	**525**
New and derecognised financial assets, net	68	−43	−113	**−88**	76	−44	−98	**−66**
Changes due to change in credit risk	41	59	−54	**47**	44	49	−48	**45**
Changes due to modifications		1		**1**		1		**1**
Changes due to methodology change	0	0	−1	**0**	0			**0**
Change in exchange rates	6	6	16	**28**	4	5	16	**25**
TOTAL	**375**	**198**	**67**	**640**	**304**	**164**	**61**	**529**
Total Loans, Debt securities, Financial guarantees and Loan commitments								
Opening balance	1,232	1,384	7,549	**10,165**	873	1,058	6,219	**8,149**
New and derecognised financial assets, net	423	−134	−464	**−175**	433	−69	−327	**37**
Changes due to change in credit risk	−320	359	706	**744**	−294	209	733	**648**
Changes due to modifications	2	7	0	**9**		5	0	**5**
Changes due to methodology change	−1	2	−56	**−55**	−1	0	0	**−1**
Decreases in ECL allowances due to write-offs			−2,395	**−2,395**			−2,040	**−2,040**
Change in exchange rates	21	37	435	**494**	14	29	407	**450**
TOTAL	**1,358**	**1,654**	**5,774**	**8,786**	**1,024**	**1,233**	**4,992**	**7,249**

Note 18 continued Loans

2020	Group				Parent company			
Loans and Debt securities	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total
Opening balance	644	1,058	5,211	**6,913**	542	832	3,722	**5,095**
New and derecognised financial assets, net	300	−287	846	**860**	300	−209	777	**868**
Changes due to change in credit risk	99	428	4,224	**4,751**	−99	393	4,079	**4,373**
Changes due to modifications	2	39	1	**41**		37		**37**
Changes due to methodology change	−35	51	−2	**14**	−31	−67	−11	**−109**
Decreases in ECL allowances due to write-offs			−2,364	**−2,364**			−2,030	**−2,030**
Change in exchange rates	−37	−82	−585	**−704**	−18	−82	−510	**−610**
TOTAL	**972**	**1,208**	**7,331**	**9,512**	**693**	**904**	**6,027**	**7,624**
Financial guarantees and Loan commitments								
Opening balance	189	127	138	**454**	160	91	120	**370**
New and derecognised financial assets, net	77	−50	−173	**−147**	75	−48	−119	**−92**
Changes due to change in credit risk	42	102	271	**415**	−10	123	206	**319**
Changes due to methodology change	−33	9		**−23**	−33			**−33**
Change in exchange rates	−15	−12	−18	**−45**	−12	−12	−15	**−39**
TOTAL	**260**	**176**	**218**	**653**	**179**	**154**	**192**	**525**
Total Loans, Debt securities, Financial guarantees and Loan commitments								
Opening balance	832	1,185	5,349	**7,367**	701	922	3,842	**5,465**
New and derecognised financial assets, net	377	−337	673	**713**	375	−257	658	**775**
Changes due to change in credit risk	141	530	4,495	**5,166**	−110	517	4,285	**4,692**
Changes due to modifications	2	39	1	**41**		37		**37**
Changes due to methodology change	−68	61	−2	**−9**	−64	−66	−11	**−141**
Decreases in ECL allowances due to write-offs			−2,364	**−2,364**			−2,030	**−2,030**
Change in exchange rates	−52	−94	−603	**−750**	−30	−95	−525	**−649**
TOTAL	**1,232**	**1,384**	**7,549**	**10,165**	**873**	**1,058**	**6,219**	**8,149**

Development of exposures and ECL allowances
In 2021 Stage 1 gross exposures and ECL allowances increased reflecting an increase in corporate lending and growth in Swedish household mortgages. Gross exposure volumes in Stage 2 were fairly stable, while there was an increase in ECL allowances in Stage 2 due to changes in credit risk within the stage. In Stage 3, volumes and ECL allowances were impacted by write-offs against reserves, migration to Stage 2, and repayments. In all stages there was an increasing effect from the weaker Swedish krona on both gross exposures and ECL allowances.

Measurement of ECL allowances
SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of judgement depends on model outcome, materiality and information available and ECJ may be applied to incorporate factors not captured by the models. Following the pandemic outbreak in Q1 2020, ECJ was used to estimate model overlays in the Corporate & Private Customers and Baltic divisions to capture potential negative effects on the asset quality in the SME portfolios arising from the uncertain economic outlook in light of the Covid-19-pandemic and in the Large Corporate & Financial Institutions division to capture the challenges facing the oil industry. The model overlays were determined through top-down scenario analysis, including various scenarios of risk migration of complete portfolios, combined with bottom-up individual customer analysis of larger corporate customers and analysis and stress tests of sectors specifically exposed to the economic distress. The model overlays are reevaluated quarterly in connection with assessment of net ECLs and, at year end 2021, they were maintained at SEK 1.4 billion, on the back of the continued uncertainty around the pandemic development as a fourth wave of the coronavirus has escalated in many markets resulting in renewed restrictions and a prolongation or reintroduction of various government support measures which may delay any potential negative effects of the pandemic. SEK 1.2 billion of the model overlays relate to the Corporate & Private Customers and Baltic divisions and SEK 0.2 billion to the Large Corporate & Financial Institutions division.

Key macroeconomic variable assumptions for calculating ECL allowances
Macroeconomic forecasts made by SEB's economic research department are used as the basis for the forward-looking information incorporated in the ECL measurement. In order to ensure an unbiased estimation under IFRS 9, at least three scenarios are used with different probability weightings. The base case scenario represents the most likely outcome and is also applied in the financial planning and budgeting process, while the other scenarios represent more positive and negative outcomes respectively. The probability weightings assigned to each scenario are determined using a combination of statistical analysis and expert judgment. The scenarios and their probability weightings are reviewed every quarter, or more frequently when appropriate due to rapid or significant changes in the economic environment.

In 2021, the scenarios have been reviewed and updated to reflect the changing economic outlook as a result of the development of Covid-19 pandemic. No changes have been made to the method used for incorporating forward-looking information in the modelling. The three scenarios – base, positive and negative scenarios – are based on different assumptions around how rapidly economies will reopen following the pandemic as well as effects of inflation and monetary policies. The base scenario assumes a balanced economic recovery despite new Covid-19 waves. The table below sets out the key macroeconomic assumptions of the latest base case scenario which was used for estimating ECL allowances as at 31 December 2021. A further description of the scenarios is available in SEB's Nordic Outlook from November 2021.

Base case scenario assumptions	2022	2023	2024
Global GDP growth	4.4%	3.5%	3.2%
OECD GDP growth	3.9%	2.4%	2.0%
Sweden			
GDP growth	3.6%	2.5%	2.0%
Household consumption expenditure growth	3.7%	2.2%	1.8%
Interest rate (STIBOR)	−0.10%	0.15%	0.65%
Residential real estate price growth	5.0%	2.0%	2.0%
Baltic countries			
GDP growth	3.6% – 5.0%	3.0% – 4.2%	3.0%
Household consumption expenditure growth	3.6% – 5.8%	3.3% – 4.7%	3.0% – 4.0%
Inflation rate	2.7% – 5.4%	2.0% – 2.3%	2.0% – 2.1%
Nominal wage growth	7.5% – 8.7%	6.5% – 7.5%	5.0% – 6.0%
Unemployment rate	5.8% – 6.6%	5.2% – 6.2%	5.0% – 6.0%

The positive scenario assumes a combination of pent-up consumption needs and a high level of household savings represents upside potential. A robust increase in consumption may also lead to a positive spiral that drives broad-based capital spending. Ensuring that such a scenario is sustainable requires a highly favourable labour supply trend, but above all that new investments actually lead to clear productivity improvements. The negative scenario reflects the risk of inflation and failures related to central bank exit strategies. If labour market shortages do not ease, wages may surge – showing that current macro forecasts and financial market pricing are based on an overly positive view of the supply side. Central banks could then choose to tighten their policies, triggering major stock market and home price declines. If they did not act, inflation expectations would instead take off, losing touch with inflation targets. In the estimation of ECL allowances as at 31 December 2021, the probabilities of the three scenarios were 65 per cent (55 per cent as at year-end 2020) for the base scenario, 15 per cent (20) for the positive scenario and 20 per cent (25) for the negative scenario.

The most significant assumptions affecting the ECL allowance of the non-retail and retail portfolios, respectively, are as follows:

Non-retail portfolios

(i) GDP	impact on companies' performance
(ii) Real estate price growth	impact on collateral valuations

Retail portfolios

(i) Household consumption expenditure growth	impact on borrowers' ability to meet their contractual obligations
(ii) Residential real estate price growth	impact on mortgage collateral values
(iii) Unemployment rate	impact on borrowers' ability to meet their contractual obligations
(iv) Interest rates	impact on borrowers' ability to meet their contractual obligations
(v) Inflation rate	impact on borrowers' ability to meet their contractual obligations
(vi) Nominal wage growth	impact on borrowers' ability to meet their contractual obligations

Sensitivity analysis of macroeconomic assumptions

In general, a worsening of the economic development or an increase in the probability of the negative scenario occurring is expected to increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated ECL allowances. On the other hand, an improvement in the economic development or an increase in the probability of the positive scenario occurring is expected to have the opposite, positive impact.

Should the positive and negative scenarios be assigned 100 per cent probability of occurring, the model calculated ECL allowances would decrease by 3 per cent and increase by 4 per cent, respectively compared to the weighted scenario.

		ECL allowances resulting from scenario	Difference from the probability weighted ECL allowances, %
Group	Negative scenario	9,180	4%
	Positive scenario	8,555	–3%
Large Corporates & Financial Institutions	Negative scenario	2,154	7%
	Positive scenario	1,927	–5%
Corporate & Private Customers	Negative scenario	5,891	4%
	Positive scenario	5,576	–2%
Baltic	Negative scenario	1,102	5%
	Positive scenario	1,015	–3%

Determination of significant increase in credit risk (SICR)

For arrangements with initial origination date as at 1 January 2018 or later, the primary indicator is changes in lifetime probability of default (PD) by comparing the scenario weighted annualised lifetime PD at the reporting date with the scenario weighted annualised lifetime PD at initial recognition. For arrangements with an initial origination date prior to 1 January 2018 changes in SEB internal risk classification since initial origination are used as the primary indicator.

Quantitative measures for triggering significant increase in credit risk (SICR)

	For arrangements originated prior to 1 January 2018	For arrangements originated on or after 1 January 2018
Watch list	1)	1)
Investment grade	2–7 grades	Annualised lifetime PD increase by 200% and ≥ 50 basis points
Standard monitoring	1–2 grades	

1) Placement of a financial asset on watch list automatically classifies it as a significant increase in credit risk and places it in Stage 2.

Regardless of the quantitative indicator, a significant increase in credit risk is triggered if the following back-stop indicators occur:
– payments are past due >30 days but <90 days, or
– financial assets are forborne (where due to the customer's financial difficulties the contractual terms of the loans have been revised and concessions given).

Back stop indicators normally overlap with the quantitative indicator of significant increase in credit risk.

Sensitivity analysis of significant increase in credit risk (SICR) trigger assumptions

The sensitivity of ECL to changes in the quantitative triggering approach is analysed regularly, including tests of the following alternative triggers:
– recognising as Stage 2 SICR all exposures that have a worsened risk grade of 1 notch or more;
– reduction of Stage 2 SICR triggering thresholds to 30bp increase in annualised lifetime PD.

Total ECL as at 31 December 2021 would increase by 2.0 per cent when recognising all exposures which have been downgraded by one notch or more compared to the grade at origination as Stage 2.

The impact on total ECL as at 31 December 2021 from reduction of the Stage 2 SICR trigger threshold to 30bps is below 0.1 per cent. The sensitivities are minor due to the fact that backstop indicators capture a large portion of exposures in Stage 2 regardless of the changes in the quantitative trigger measures. In addition, the impact of severe adverse macroeconomic developments on the loan portfolio is tested as part of the regular ICAAP process, described in more detail in note 41 Capital adequacy.

Past due loans

	Group		Parent company	
	2021	2020	2021	2020
≤ 30 days	10,715	11,672	8,759	10,425
>30 ≤ 90 days	1,458	2,628	1,342	2,497
> 90 days	1,213	1,827	704	794
TOTAL	**13,386**	**16,127**	**10,805**	**13,716**

Forborne loans

	Group		Parent company	
	2021	2020	2021	2020
Total forborne loans	11,539	13,305	9,142	10,714
of which performing[1)]	3,988	1,924	2,322	824

1) According to EBA definition.

19 Debt securities

Group, 2021

Debt securities by issuers	Swedish government	Swedish municipalities	Swedish mortgage institutions	Other Swedish issuers	Foreign government	Other foreign issuers	Total
Eligible debt securities[1)]							
Held for trading	6,480	63			4,297	3,061	**13,901**
Fair value through profit or loss mandatorily	5,780	3,097	2,134	45,874	18,190	3,079	**78,154**
Fair value through profit or loss designated	1,333		5,831		646	108	**7,917**
Total	**13,592**	**3,161**	**7,965**	**45,874**	**23,133**	**6,247**	**99,972**
Other debt securities							
Held for trading			11,784	9,518		18,222	**39,524**
Fair value through profit or loss mandatorily	204		12,629	3,726	6,395	34,051	**57,005**
Fair value through profit or loss designated	50		1	60		145	**257**
Amortised cost						8,543	**8,543**
Total	**254**		**24,414**	**13,304**	**6,395**	**60,962**	**105,329**
Accrued interest							**649**
TOTAL	**13,846**	**3,161**	**32,380**	**59,178**	**29,528**	**67,209**	**205,950**

Group, 2020

Debt securities by issuers	Swedish government	Swedish municipalities	Swedish mortgage institutions	Other Swedish issuers	Foreign government	Other foreign issuers	Total
Eligible debt securities[1)]							
Held for trading	14,286	225			6,036	7,338	**27,885**
Fair value through profit or loss mandatorily	7,182	3,352	1,775	24,644	17,534	5,069	**59,556**
Fair value through profit or loss designated	1,247		5,348		835	85	**7,515**
Amortised cost					3,020		**3,020**
Total	**22,716**	**3,576**	**7,123**	**24,644**	**27,425**	**12,492**	**97,976**
Other debt securities							
Held for trading		9,244	42,525	6,740		28,697	**87,207**
Fair value through profit or loss mandatorily	264	6,911	19,152	5,257	589	37,744	**69,917**
Fair value through profit or loss designated	51		12	24		203	**290**
Total	**314**	**16,155**	**61,689**	**12,021**	**589**	**75,746**	**166,515**
Accrued interest							**943**
TOTAL	**23,030**	**19,731**	**68,812**	**36,665**	**28,014**	**88,238**	**265,433**

1) Eligible papers are considered as such only if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

Parent company, 2021

Debt securities by issuers	Swedish government	Swedish municipalities	Swedish mortgage institutions	Other Swedish issuers	Foreign government	Other foreign issuers	Total
Eligible debt securities[1)]							
Held for trading	6,480	63			4,172	3,028	**13,743**
Fair value through profit or loss mandatorily	4,214	3,097		45,874	4,454	3,073	**60,712**
Total	**10,694**	**3,161**		**45,874**	**8,626**	**6,101**	**74,455**
Other debt securities							
Held for trading			11,784	9,518		18,222	**39,524**
Fair value through profit or loss mandatorily			11,695	2,581	5,637	34,022	**53,935**
Amortised cost				1,400		8,544	**9,943**
Total			**23,479**	**13,499**	**5,637**	**60,787**	**103,402**
Accrued interest							**583**
TOTAL	**10,694**	**3,161**	**23,479**	**59,373**	**14,262**	**66,889**	**178,441**

Parent company, 2020

Debt securities by issuers	Swedish government	Swedish municipalities	Swedish mortgage institutions	Other Swedish issuers	Foreign government	Other foreign issuers	Total
Eligible debt securities[1)]							
Held for trading	14,286	225			5,925	7,338	**27,774**
Fair value through profit or loss mandatorily	5,749	3,352		24,544	5,389	2,785	**41,819**
Amortised cost				3,350	3,020		**6,370**
Total	**20,035**	**3,576**		**27,894**	**14,334**	**10,123**	**75,963**
Other debt securities							
Held for trading		9,244	42,525	6,740		28,697	**87,207**
Fair value through profit or loss mandatorily		6,911	18,193	3,971		37,716	**66,791**
Amortised cost						9,101	**9,101**
Total		**16,155**	**60,719**	**10,711**		**75,514**	**163,099**
Accrued interest							**866**
TOTAL	**20,035**	**19,731**	**60,719**	**38,606**	**14,334**	**85,637**	**239,928**

1) Eligible papers are considered as such only if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

20 Equity instruments

	Group		Parent company	
	2021	2020	2021	2020
Fair value through profit or loss held for trading	89,284	58,448	89,284	58,448
Fair value through profit or loss mandatorily	31,458	23,792	6,865	5,377
TOTAL	**120,742**	**82,240**	**96,149**	**63,825**

21 Derivatives and hedge accounting

	Group		Parent company	
	2021	2020	2021	2020
Interest-related	57,983	89,152	53,157	84,079
Currency-related	36,180	58,217	36,281	57,762
Equity-related	4,283	3,497	4,283	3,497
Other	27,605	14,043	27,605	14,043
Positive replacement values	**126,051**	**164,909**	**121,326**	**159,380**
Interest-related	49,910	66,288	45,596	62,357
Currency-related	26,902	71,530	26,541	71,429
Equity-related	8,085	8,957	8,085	8,957
Other	33,276	14,786	33,276	14,786
Negative replacement values	**118,173**	**161,561**	**113,497**	**157,529**

	Positive replacement values		Negative replacement values	
Group, 2021	Nominal amount	Book value	Nominal amount	Book value
Options	176,634	1,082	159,785	1,588
Futures	2,278,354	190	1,967,964	107
Swaps	7,609,998	56,712	7,784,997	48,216
Interest-related	**10,064,986**	**57,983**	**9,912,747**	**49,910**
of which exchange traded	*64,056*	*30*	*53,116*	*38*
Options	64,129	586	56,244	566
Futures	532,990	10,283	490,216	7,026
Swaps	1,933,495	25,311	1,842,751	19,309
Currency-related	**2,530,614**	**36,180**	**2,389,211**	**26,902**
of which exchange traded		*2*		*2*
Options	29,165	1,603	20,994	3,605
Futures	10,930	215	12,744	246
Swaps	43,320	2,465	55,685	4,234
Equity-related	**83,415**	**4,283**	**89,423**	**8,085**
of which exchange traded	*34,082*	*898*	*22,862*	*2,934*
Options	44,194	4,403	47,381	4,181
Futures	130,995	22,563	128,414	28,511
Swaps	18,832	639	25,545	584
Other	**194,022**	**27,605**	**201,340**	**33,276**
of which exchange traded	*70,813*	*3,006*	*35,745*	*3,674*
TOTAL	**12,873,037**	**126,051**	**12,592,721**	**118,173**
of which exchange traded	*168,951*	*3,936*	*111,722*	*6,647*
Group, 2020				
Options	124,401	1,528	118,026	2,026
Futures	3,975,887	51	7,635,281	89
Swaps	6,563,615	87,573	6,202,231	64,172
Interest-related	**10,663,903**	**89,152**	**13,955,539**	**66,288**
of which exchange traded	*2,649,309*	*15*	*6,104,201*	*12*
Options	131,638	827	67,607	824
Futures	381,732	19,569	526,060	23,666
Swaps	1,356,850	37,820	1,526,853	47,040
Currency-related	**1,870,219**	**58,217**	**2,120,521**	**71,530**
of which exchange traded		*3*		*3*
Options	5,466	787	5,278	2,926
Futures	10,919	1,698	10,772	1,555
Swaps	21,381	1,013	45,530	4,477
Equity-related	**37,766**	**3,497**	**61,581**	**8,957**
of which exchange traded	*8,642*	*900*	*2,485*	*2,724*
Options	40,216	4,411	43,121	4,323
Futures	120,978	9,073	119,594	9,133
Swaps	19,710	559	28,998	1,330
Other	**180,904**	**14,043**	**191,712**	**14,786**
of which exchange traded	*65,038*	*1,190*	*33,364*	*1,800*
TOTAL	**12,752,792**	**164,909**	**16,329,353**	**161,561**
of which exchange traded	*2,722,989*	*2,109*	*6,140,050*	*4,539*

Note 21 continued Derivatives and hedge accounting

Parent company, 2021	Positive replacement values Nominal amount	Positive replacement values Book value	Negative replacement values Nominal amount	Negative replacement values Book value
Options	186,371	1,108	162,785	1,636
Futures	2,278,354	190	1,967,005	107
Swaps	7,607,498	51,859	7,546,097	43,853
Interest-related	**10,072,223**	**53,157**	**9,675,887**	**45,596**
of which exchange traded	*64,056*	*30*	*53,116*	*38*
Options	64,089	540	56,195	529
Futures	533,086	10,272	490,193	6,690
Swaps	1,939,458	25,470	1,843,472	19,321
Currency-related	**2,536,633**	**36,281**	**2,389,861**	**26,541**
of which exchange traded		*2*		*2*
Options	29,165	1,603	20,994	3,605
Futures	10,930	215	12,744	246
Swaps	43,320	2,465	55,685	4,234
Equity-related	**83,415**	**4,283**	**89,423**	**8,085**
of which exchange traded	*34,082*	*898*	*22,862*	*2,934*
Options	44,210	4,403	47,381	4,181
Futures	130,995	22,563	128,414	28,511
Swaps	18,832	639	25,545	584
Other	**194,037**	**27,605**	**201,340**	**33,276**
of which exchange traded	70,813	3,006	35,745	3,674
TOTAL	**12,886,308**	**121,326**	**12,356,510**	**113,497**
of which exchange traded	*168,951*	*3,906*	*111,722*	*6,610*
Parent company, 2020				
Options	124,394	1,528	118,033	2,026
Futures	3,975,887	51	7,635,281	89
Swaps	6,506,783	82,500	6,076,600	60,242
Interest-related	**10,607,063**	**84,079**	**13,829,915**	**62,357**
of which exchange traded	*2,649,309*	*15*	*6,104,201*	*12*
Options	131,628	783	67,710	786
Futures	380,607	19,533	525,903	23,688
Swaps	1,359,785	37,445	1,529,220	46,956
Currency-related	**1,872,020**	**57,762**	**2,122,833**	**71,429**
of which exchange traded		*3*		*3*
Options	5,466	786	5,278	2,925
Futures	10,919	1,698	10,772	1,555
Swaps	21,381	1,013	45,530	4,477
Equity-related	**37,766**	**3,497**	**61,581**	**8,957**
of which exchange traded	*8,642*	*900*	*2,485*	*2,724*
Options	40,231	4,411	43,121	4,323
Futures	120,978	9,073	119,594	9,133
Swaps	19,710	559	28,998	1,330
Other	**180,919**	**14,043**	**191,712**	**14,786**
of which exchange traded	65,038	1,190	33,364	1,800
TOTAL	**12,697,768**	**159,380**	**16,206,041**	**157,529**
of which exchange traded	*2,722,989*	*2,109*	*6,140,050*	*4,539*

Hedge accounting

Accounting policy
As the International Accounting Standards Board issued the new accounting standard IFRS 9 they provided entities with an accounting policy choice between applying the hedge accounting requirements in IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting. SEB has decided to continue to apply hedge accounting requirements in IAS 39.

IBOR Reform (Interest Rate Benchmark Reform)
The group elected to early adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (IBOR) – Phase 1 as at 2019. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

SEB's hedged accounting risk exposure is affected by the interest rate benchmark reform in USD LIBOR. The group has analysed market expectations when determining the fair value of the hedging instrument and present value of estimated cash flows of the hedged item.

The table below indicates the nominal amount and interest rate risk of hedging items that will be affected by the IBOR reform. Risk figures are expressed as one basis point's parallel shift of the interest rate curve.

Fair value hedges of interest rate risk	Notional	Asset	Liability
USD LIBOR	USD 4.8bn		USD 1.5m

For more information about the group's project to lead the transition to alternative benchmark rates and the Interest Rate Benchmark Reform (IBOR) – Phase 2, see note 40g.

Risk management strategy
The Board of Directors defines how much market risk is acceptable by setting the overall market risk limits and general instructions. The market risk tolerance and limits are defined for the trading book, banking book and defined benefit plans. The Group Risk Committee delegates the market risk mandate to the divisions and the treasury function, which in turn further allocate the limits internally. The treasury function has overall responsibility for managing these risks, which are consolidated centrally.

Risk category and designated risk exposure
Interest rate risk is the designated risk exposure for fair value and cash flow hedge accounting. Interest rate risk in the banking book arises from changes in market interest rates as a result of mismatches in interest terms and interest rate periods on the balance sheet.

Fair value hedges and portfolio hedges
The group holds a portfolio of long-term fixed rate mortgages and long-term fixed rate issued debt securities of which are exposed to fluctuations in fair value due to movements in market interest rates. The interest rate risk component is determined as the change in fair value of the long-term fixed rate mortgages and issued debt securities arising solely from changes in discounting rates such as applicable IBOR rates. The group hedges a portion of its existing interest rate risk from these financial assets and financial liabilities against changes in fair value. For this purpose the group are entering pay fixed/receive floating interest rate swaps for hedging of long-term fixed rate mortgages and receive fixed/pay floating interest swaps for hedging of long-term fixed rate issued debt securities thus resulting in fixed interest rates on the hedged item being swapped to floating interest rates. The hedges are executed item by item for long-term fixed rate issued debt securities and by aggregation of items grouped by maturity for long-term fixed rate mortgages.

Sources of hedge ineffectiveness
The effectiveness of the hedge strategy is assessed by the degree to which changes in fair value of the hedged item that are attributable to the changes in benchmark rate used for discounting are offset by changes in fair value of the hedging instrument. Possible sources of hedge ineffectiveness are as follows:
(i) the discounted cash flow from floating rate payments from the hedging instrument does not have an equivalent cash flow from the long-term fixed mortgages or issued debt securities thus give rise to hedge inefficiencies;
(ii) deviations in critical factors between the hedged item and the fixed rate leg in the hedging instrument ('proxy bond') will give rise to hedge inefficiencies;
(iii) different benchmark rates used for discounting of the hedged item and the hedging instrument. For example the use of either secured or unsecured benchmark rate depending on the collaterialised characteristics of hedging instrument while unsecured benchmark rates are applied for the hedged item;
(iv) funding value adjustments which impacts the fair value of hedging instruments for which central counterparty clearing is not applied. Equivalent fair value adjustment is not applicable for the hedged item;
(v) the effects of the forthcoming reform to USD LIBOR, because it might take effect at a different time and have a different impact on the hedged item and the hedging instrument. Further details of these reforms are set out in note 40g.

Cash flow hedges
The group holds a portfolio of lending and deposits with floating interest rates of which are exposed to fluctuations in cash flow due to movements in market interest rates. The interest rate risk component is determined as the variability in cash flows from floating rate lending and floating rate deposits arising solely from changes in applicable benchmark rates. The group hedges a portion of its existing exposure from these financial assets and financial liabilities against variability in cash flows. For this purpose the group are entering interest rate swaps where the net exposures of lending and deposits with floating rates are swapped to fixed interest. Group either pays or receives the fixed leg of the interest rate swap depending on whether volumes on floating rate lending outweighs floating rate deposits or vice versa. Interest flows from deposits and lending with floating interest rates are expected to be amortised to profit or loss during the period 2021 to 2037.

Sources of hedge ineffectiveness
The effectiveness of the hedge strategy is assessed by the degree to which changes in present value of the hedged expected future cash flows that are attributable to the changes in benchmark rate used for estimating future cash flows are offset by changes in fair value of the hedging instrument. Possible sources of hedge ineffectiveness are as follows:
(i) deviations in critical factors between the hedged item ('hypothetical derivative') and the floating rate leg in the hedging instrument will give rise to hedge inefficiencies;
(ii) funding value adjustments which impacts the fair value of hedging instruments for which central counterparty clearing is not applied. Equivalent fair value adjustment is not applicable for the hedged item.

Net investment hedges
The group hedges the currency translation risk of net investments in foreign operations through currency borrowings. Borrowing in foreign currency at an amount of SEK 51,496m (44,918) were designated as hedges of net investments in foreign operations. Ineffectiveness in the hedges has been reported in Net financial income (note 6).

Note 21 continued Derivatives and hedge accounting

Hedging instruments

Group, 2021	Positive replacement values			Negative replacement values		
	Nominal amount	Book value	Change in value	Nominal amount	Book value	Change in value
Derivatives	172,736	633	−1,834	227,068	124	−5,029
Fair value hedges of interest rate risk	**172,736**	**633**	**−1,834**	**227,068**	**124**	**−5,029**
Derivatives	248,600	108	190	0	0	1,007
Portfolio fair value hedges of interest rate risk	**248,600**	**108**	**190**	**0**	**0**	**1,007**
Derivatives	6,305	232	39	3,619	325	−4
Portfolio cash flow hedges of interest rate risk	**6,305**	**232**	**39**	**3,619**	**325**	**−4**
TOTAL	**427,642**	**973**	**−1,605**	**230,687**	**449**	**−4,026**
Group, 2020						
Derivatives	226,507	2,958	1,713	219,129	13	871
Fair value hedges of interest rate risk	**226,507**	**2,958**	**1,713**	**219,129**	**13**	**871**
Derivatives	208,000	29	−139	14,500	1	−797
Portfolio fair value hedges of interest rate risk	**208,000**	**29**	**−139**	**14,500**	**1**	**−797**
Derivatives	7,485	356	−73	6,139	731	4
Portfolio cash flow hedges of interest rate risk	**7,485**	**356**	**−73**	**6,139**	**731**	**4**
TOTAL	**441,992**	**3,343**	**1,500**	**239,768**	**745**	**78**

Fair value hedges of interest rate risk

Group, 2021	Book value hedged item	The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Hedge ineffectiveness recognized in profit or loss
Income Statement Net other Income				−22
Balance sheet Debt securities issued	395,575	1,244	6,841	
Fair value hedges of interest rate risk	**395,575**	**1,244**	**6,841**	**−22**
Income Statement Net other Income				−1
Balance sheet Loans to the public	370,524			
Fair value changes of hedged items in a portfolio hedge		−702	−1,198	
Portfolio fair value hedges of interest rate risk	**370,524**	**−702**	**−1,198**	**−1**
TOTAL	**766,099**	**542**	**5,643**	**−23**
Group, 2020				
Income Statement Net other Income				−11
Balance sheet Debt securities issued	457,131	7,142	−2,594	
Fair value hedges of interest rate risk	**457,131**	**7,142**	**−2,594**	**−11**
Income Statement Net other Income				−19
Balance sheet Loans to the public	320,618			
Fair value changes of hedged items in a portfolio hedge		496	917	
Portfolio fair value hedges of interest rate risk	**320,618**	**496**	**917**	**−19**
TOTAL	**777,749**	**7,639**	**−1,678**	**−30**

Portfolio cash flow hedges of interest rate risk

Group, 2021	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	The balances in the cash flow reserve		Hedging gains/losses of the reporting period that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The amount reclassified from cash flow reserve for which hedge accounting had previously been used
		Continuing hedges	Discontinued hedges			
Income Statement						
Net other Income					−1	1
Statement of comprehensive income						
Cash flow hedges				36		
Balance sheet						
Loans to the public and deposits and borrowing from the public	−36					
Equity						
Cash flow hedges		129	−110			
TOTAL	**−36**	**129**	**−110**	**36**	**−1**	**1**

Group, 2020						
Income Statement						
Net other Income					3	17
Statement of comprehensive income						
Cash flow hedges				−72		
Balance sheet						
Loans to the public and deposits and borrowing from the public	72					
Equity						
Cash flow hedges		156	−109			
TOTAL	**72**	**156**	**−109**	**−72**	**3**	**17**

Hedging instruments

Parent company, 2021	Positive replacement values			Negative replacement values		
	Nominal amount	Book value	Change in value	Nominal amount	Book value	Change in value
Derivatives	172,736	633	−1,834	227,068	124	−5,029
Fair value hedges of interest rate risk	**172,736**	**633**	**−1,834**	**227,068**	**124**	**−5,029**
Derivatives	248,600	108	190			1,007
Portfolio fair value hedges of interest rate risk	**248,600**	**108**	**190**	**0**	**0**	**1,007**
Derivatives	6,305	232	39	3,619	325	−4
Portfolio cash flow hedges of interest rate risk	**6,305**	**232**	**39**	**3,619**	**325**	**−4**
TOTAL	**427,642**	**973**	**−1,605**	**230,687**	**449**	**−4,026**

Parent company, 2020						
Derivatives	226,507	2,958	1,713	219,129	13	871
Fair value hedges of interest rate risk	**226,507**	**2,958**	**1,713**	**219,129**	**13**	**871**
Derivatives	208,000	29	−139	14,500	1	−797
Portfolio fair value hedges of interest rate risk	**208,000**	**29**	**−139**	**14,500**	**1**	**−797**
Derivatives	7,485	356	−73	6,139	731	4
Portfolio cash flow hedges of interest rate risk	**7,485**	**356**	**−73**	**6,139**	**731**	**4**
TOTAL	**441,992**	**3,343**	**1,500**	**239,768**	**745**	**78**

Note 21 continued Derivatives and hedge accounting

Fair value hedges of interest rate risk

Parent company, 2021	Book value	The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Hedge ineffectiveness recognized in profit or loss
Income Statement				
Net other Income				−22
Balance sheet				
Debt securities issued	395,575	1,244	6,841	
Fair value hedges of interest rate risk	**395,575**	**1,244**	**6,841**	**−22**
Income Statement				
Net other Income				−1
Balance sheet				
Loans to the public	370,524			
Fair value changes of hedged items in a portfolio hedge		−702	−1,198	
Portfolio fair value hedges of interest rate risk	**370,524**	**−702**	**−1,198**	**−1**
TOTAL	**766,099**	**542**	**5,643**	**−23**

Parent company, 2020	Book value	The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Hedge ineffectiveness recognized in profit or loss
Income Statement				
Net other Income				−11
Balance sheet				
Debt securities issued	457,131	7,142	−2,594	
Fair value hedges of interest rate risk	**457,131**	**7,142**	**−2,594**	**−11**
Income Statement				
Net other Income				−19
Balance sheet				
Loans to the public	320,618			
Fair value changes of hedged items in a portfolio hedge		496	917	
Portfolio fair value hedges of interest rate risk	**320,618**	**496**	**917**	**−19**
TOTAL	**777,749**	**7,639**	**−1,678**	**−30**

Portfolio cash flow hedges of interest rate risk

Parent company, 2021	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	The balances in the cash flow reserve		Hedging gains/losses of the reporting period that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The amount reclassified from cash flow reserve for which hedge accounting had previously been used
		Continuing hedges	Discontinued hedges			
Income Statement						
Net other Income					−1	1
Statement of comprehensive income						
Cash flow hedges				36		
Balance sheet						
Loans to the public and deposits and borrowing from the public	−36					
Equity						
Cash flow hedges		129	−110			
TOTAL	**−36**	**129**	**−110**	**36**	**−1**	**1**

Parent company, 2020	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Continuing hedges	Discontinued hedges	Hedging gains/losses of the reporting period that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The amount reclassified from cash flow reserve for which hedge accounting had previously been used
Income Statement						
Net other Income					3	17
Statement of comprehensive income						
Cash flow hedges				−72		
Balance sheet						
Loans to the public and deposits and borrowing from the public	72					
Equity						
Cash flow hedges		156	−109			
TOTAL	**72**	**156**	**−109**	**−72**	**3**	**17**

22 Investments in subsidiaries, associates and joint ventures

	Group		Parent company	
	2021	2020	2021	2020
Shares in Swedish subsidiaries			14,641	14,641
Shares in foreign subsidiaries[1)]	139	137	35,425	31,715
Investments in associates and joint ventures, strategic investments	669	548	463	343
Investments in associates, venture capital holdings	702	586	702	544
TOTAL	**1,510**	**1,272**	**51,231**	**47,243**
of which holdings in credit institutions			*34,153*	*30,627*

1) Some dormant subsidiaries in the group are consolidated using the equity method.

During 2021 the parent company recognised an impairment of SEK 1,911m for the investment in the subsidiary DSK Hyp AG.

		2021			2020		
Swedish subsidiaries	Country	Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Aktiv Placering AB, Stockholm	Sweden	38		100	38		100
Enskilda Kapitalförvaltning SEB AB, Stockholm	Sweden	0		100	0		100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	Sweden	100		100	100		100
IFA DBB AB, Stockholm	Sweden	330		100	330		100
Parkeringshuset Lasarettet HGB KB, Stockholm	Sweden	0		99	0		99
Repono Holding AB, Stockholm	Sweden	3,227		100	3,227		100
SEB Förvaltnings AB, Stockholm	Sweden	5		100	5		100
SEB Internal Supplier AB, Stockholm	Sweden	12		100	12		100
SEB Investment Management AB, Stockholm	Sweden	541		100	541	400	100
SEB Kort Bank AB, Stockholm	Sweden	3,760	277	100	3,760	602	100
SEB Life and Pension Holding AB, Stockholm	Sweden	6,424	600	100	6,424	1,000	100
SEB Strategic Investments AB, Stockholm	Sweden	204		100	204		100
Skandinaviska Kreditaktiebolaget, Stockholm	Sweden	0		100	0		100
TOTAL		**14,641**	**877**		**14,641**	**2,002**	

Foreign subsidiaries	Country	Book value 2021	Dividend 2021	Ownership, % 2021	Book value 2020	Dividend 2020	Ownership, % 2020
DSK Hyp AG, (former SEB AG), Frankfurt am Main	Germany	18,246		100	15,533		100
SEB Bank JSC, St Petersburg	Russia	829		100	458		100
SEB Banka, AS, Riga	Latvia	1,833	199	100	1,753		100
SEB bankas, AB, Vilnius	Lithuania	6,731	477	100	6,560		100
SEB Corporate Bank, PJSC, Kiev	Ukraine	138		100	138		100
SEB do Brasil Representacões LTDA, Sao Paulo	Brazil	0	1	100	0	1	100
SEB Leasing Oy, Helsinki	Finland	4,540	61	100	4,423		100
SEB Njord AS, Oslo	Norway	0		100	0		100
SEB Pank, AS, Tallinn	Estonia	2,617	788	100	2,425	1,010	100
SEB Securities Inc, New York	USA	46		100	30		100
Skandinaviska Enskilda Ltd, London	Great Britain	446		100	395	78	100
TOTAL		**35,425**	**1,526**		**31,715**	**1,089**	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

For more information on subsidiaries, directly owned or indirectly owned (via subsidiaries) by Skandinaviska Enskilda Banken AB (publ), during the financial year and/or at end of the financial year, see Sustainability notes pages 220–221.

Significant restrictions on the ability to use assets and settle liabilities of the group
Skandinaviska Enskilda Banken AB (Publ) can obtain distributions of capital, use assets and settle liabilities of members of the group within the limitation of some regulatory, statutory and contractual restrictions. These restrictions are:

Regulatory requirements
Regulated subsidiaries are subject to prudential regulatory capital requirements in the countries in which they are regulated. These subsidiaries are required to maintain a certain level of own funds in relation to their exposures, restricting their ability to distribute cash or other assets to the parent company. To meet these requirements the subsidiaries hold capital instruments and other forms of subordinated liabilities.

Statutory requirements
Subsidiaries are required to have a certain level of solvency and are restricted to make distributions of capital and profits leading to a solvency below that level.

Contractual requirements
The group pledges some of its financial assets as collateral for financing and liquidity purposes. Encumbered assets can't be transferred within the group. Such assets are described further in the note 47 Pledged assets.

Note 22 continued *Investments in subsidiaries, associates and joint ventures*

Investments in associates and joint ventures – Strategic investments	Assets[1]	Liabilities[1]	Revenues[1]	Profit or loss[1]	Book value	Ownership, %
Bankomat AB, Stockholm	3,314	2,900	623	5	66	20
BGC Holding AB, Stockholm	964	144	955	125	104	33
Cinder Invest AB, Stockholm	47	6	0	−21	79	18
Finansiell ID-Teknik BID AB, Stockholm	105	34	274	23	7	18
Getswish AB, Stockholm	114	28	189	0	19	20
Invidem AB (former Nordic KYC Utility AB), Stockholm	94	30	1	−168	73	17
P27 Nordic Payments AB	400	31	0	−162	113	17
USE Intressenter AB, Stockholm	1	0	0	0	0	28
Parent company holdings					**463**	
Holdings of subsidiaries					**119**	
Group adjustments					**87**	
GROUP HOLDINGS					**669**	

1) Retrieved from respective Annual report 2020.

Investments in associates – Venture capital holdings	2021		2020	
	Book value	Ownership, %	Book value	Ownership, %
Airsonett AB, Ängelholm	45	30	29	33
Apica AB, Stockholm	138	30	83	31
Avidicare Holding AB, Ängelholm	14	33	19	33
Cparta Cyber Defense AB, Stockholm	97	49	42	49
C-Green Technologies AB, Solna	20	0		
Corpower Ocean AB, Stockholm	20	3		
Enginzyme AB, Solna	10	3		
InDex Pharmaceuticals Holding AB, Stockholm	23	2	60	15
Leasify AB, Stockholm	6	22	14	21
Now Interact Nordic AB, Stockholm	8	11	8	11
NuEvolution AB, Stockholm	0	20	0	20
OssDsign AB, Uppsala	57	12	44	12
Scandinova Systems AB, Uppsala	65	22	65	22
Scibase Holding AB, Stockholm	0	4	0	4
Senion AB, Linköping			24	39
TSS Holding AB, Stockholm	198	42	198	42
Parent company holdings	**702**		**586**	
GROUP HOLDINGS	**702**		**586**	

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates in the group are accounted for using the equity method.

Investments in associates held by the venture capital organisation of the group have, in accordance with IAS 28, been designated as at fair value through profit and loss.

Some entities, in which the bank have an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the bank is represented in the board of directors and participates in the policy making processes of those entities.

All financial assets within the group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

23 Intangible assets

2021	Group					Parent company			
	Goodwill[1]	Deferred acquisition costs	Internally developed IT-systems	Other intangible assets	Total	Goodwill[1]	Internally developed IT-systems	Other intangible assets	Total
Opening balance	4,699	6,022	6,035	2,875	**19,631**	1,377	5,420	862	**7,659**
Additions from acquisitions and capitalisations		98	582	4	**684**		505	0	**505**
Reclassifications				–2	**–2**				
Retirements and disposals	–179		–89	–283	**–551**		–84	–90	**–174**
Change in exchange rates	62	54	10	6	**132**		3	2	**5**
Acquisition value	**4,582**	**6,174**	**6,538**	**2,600**	**19,894**	**1,377**	**5,843**	**775**	**7,995**
Opening balance		–5,157	–4,106	–2,559	**–11,823**	–1,377	–3,737	–769	**–5,883**
Current year's amortisations		–231	–581	–101	**–912**		–506	–43	**–550**
Reclassifications				1	**1**				
Retirements and disposals			80	272	**352**		77	79	**157**
Change in exchange rates		–40	–5	–1	**–46**		–2	–2	**–4**
Accumulated depreciations		**–5,427**	**–4,612**	**–2,389**	**–12,428**	**–1,377**	**–4,168**	**–735**	**–6,280**
TOTAL	**4,582**	**747**	**1,926**	**212**	**7,466**	**0**	**1,675**	**40**	**1,714**

1) Goodwill has an indefinite useful life. All other intangible assets have a definite useful life. Amortisation methods are described in note 1.

2020	Goodwill[1]	Deferred acquisition costs	Internally developed IT-systems	Other intangible assets	Total	Goodwill[1]	Internally developed IT-systems	Other intangible assets	Total
Opening balance	4,792	6,042	5,551	3,316	**19,701**	1,377	5,029	846	**7,252**
Additions from acquisitions and capitalisations		74	612	5	**690**		509		**509**
Reclassifications and mergers			6	–6				20	**20**
Retirements and disposals			–115	–380	**–495**		–115		**–115**
Change in exchange rates	–93	–94	–20	–59	**–266**		–4	–4	**–8**
Acquisition value	**4,699**	**6,022**	**6,035**	**2,875**	**19,631**	**1,377**	**5,420**	**862**	**7,659**
Opening balance		–4,991	–3,653	–2,872	**–11,515**	–1,377	–3,308	–692	**–5,377**
Current year's amortisations		–236	–502	–110	**–849**		–452	–48	**–500**
Impairments reversed			25		**25**				
Reclassifications and mergers			6	–6			8	–32	**–23**
Retirements and disposals			9	380	**389**		11		**11**
Change in exchange rates		69	9	49	**127**		4	3	**7**
Accumulated depreciations		**–5,157**	**–4,106**	**–2,559**	**–11,823**	**–1,377**	**–3,737**	**–769**	**–5,883**
TOTAL	**4,699**	**865**	**1,929**	**316**	**7,808**	**0**	**1,683**	**93**	**1,776**

Goodwill

The Cash Generating Units (CGU) structure is aligned with the business unit (BU) combined with geography to reflect the importance of steering and measuring the customer-oriented organisation.

CGUs	Acquisition year	Opening balance 2020	Change in exchange rates	Closing balance 2020	Change in exchange rates	Impairment	Closing balance 2021
Card, Norway & Denmark[1]	*2002/2004*	945	–93	852	62	–179	735
Life Sweden	*1996/1997*	2,343		2,343			2,343
Investment Management Sweden	*1997/1998*	1,504		1,504			1,504
TOTAL		**4,792**		**4,699**			**4,582**

1) The CGU:s are presented together since both acquisitions are related to the Eurocard business.

Impairment test 2021

Result of impairment test

The yearly impairment test for 2021 was performed in the fourth quarter. The impairment test did not result in any indication of impairment for the CGUs Card Denmark, Life Sweden and Investment Management Sweden. For the CGU Card Norway, the recoverable amount was SEK 1,396m which was less than the carrying amount SEK 1,575m. Hence an impairment loss of SEK 179m has been recognised in segment Corporate & Private Customers and allocated as a reduction of the carrying amount of the goodwill. After the reduction, the carrying amount of the goodwill for this CGU is SEK 489m. Earnings before amortisations has decreased compared to previous estimates. The main explanatory factor was the delayed recovery of corporate card fees in the wake of the Covid-19 pandemic. The earnings before amortisation is deemed to recover by the mid of the new projection period.

Estimates and assumptions used: future cash flows

The impairment test on goodwill is based on value in use and builds on the business plan for 2022–2024 and projected cash flows for 2025-2026. The long-term growth is based on expectation on inflation 1.5 per cent. The allocated capital is derived from the group's internal capital allocation model that has been aligned with the regulatory capital requirements including the management buffer. The cash flows in the business plan start with the assumptions from the most recent Nordic Outlook published. The main assumptions are; GDP change in Sweden from 4.6 per cent to 2.4 per cent over three years and other Nordic countries excluding Sweden from 3.8 per cent to 2.2 per cent; inflation in Sweden 2.3 per cent to 1.5 per cent and in Other Nordic countries from 1.8 per cent to 1.7 per cent. The Swedish repo rate is assumed to be 0.25 per cent at the end of 2023.

Estimates and assumptions used: Cost of Equity (CoE) – discount rate

The discount rate used is 9.5 per cent post-tax for SEB Group and is determined based on information from external sources and applied to all CGUs.

Sensitivities

An increase of one percentage of the discount rate (CoE), a decrease of the average growth rates by one percentage point for earnings before amortisations during the projection period and a decrease of one percentage point of the long term growth was applied in the sensitivity analysis. The sensitivity analysis carried out did not result in any indication of impairment for the CGUs Card Denmark, Life Sweden and Investment Management Sweden.

Note 23 continued   Intangible assets

Impairment test 2020

Result of impairment test

The yearly impairment test for 2020 was performed in the fourth quarter. The impairment test did not result in any indication of impairment.

Estimates and assumptions used: future cash flows

The impairment test on goodwill is based on value in use and builds on the business plan for 2021–2023 and projected cash flows for 2024–2025. The long-term growth is based on expectations on inflation 1.5 per cent. The allocated capital is derived from the group's internal capital allocation model that has been aligned with the regulatory capital requirements including the management buffer. The cash flows in the business plan starts with the assumptions from the most recent Nordic Outlook published. The main assumptions are; GDP growth in Sweden from –3.1 per cent to 2.8 per cent over three years and other Nordic countries excluding Sweden from –3.4 per cent to 2.8 per cent; inflation in Sweden 0.5 per cent to 1.8 per cent and in Other Nordic countries from 0.7 per cent to 1.8 per cent. The repo rate in Sweden is assumed to be 0.00 per cent end of 2022.

Estimates and assumptions used: Cost of Equity (CoE) – discount rate

The discount rate used is 10.0 per cent post-tax for SEB Group and is determined based on information from external sources and applied on all CGUs.

Sensitivities

An increase of one percentage of the discount rate (CoE), a decrease of the average growth rates by one percentage point for earnings before amortisations during the projection period and a decrease of one percentage point of the long term growth was applied in the sensitivity analysis. With these changes in key assumptions, the carrying amount for the CGU Card Norway would exceed the recoverable amount. Earnings before amortisations in the beginning of the projection period has decreased compared to previous estimates. The main explanatory factor was card fees which decreased significantly with the lower customer activity levels in the wake of the Covid-19 pandemic. The caution among customers is expected to ease after vaccine rollout why the earnings before amortisation is deemed to recover by the mid of the projection period. The recoverable amount for the CGU Card Norway exceeds the carrying amount by SEK 261m. The recoverable amount would be equal to the carrying amount should the discount rate (CoE) applied be 10.9 per cent or the annual growth rate applied be –9 per cent.

24 Properties and equipment

	Group			Parent company			
2021	Equipment	Properties for own operations	Total	Equipment	Equipment leased to clients[1]	Properties for own operations	Total
Opening balance	3,036	22	3,059	2,296	42,180	2	44,479
Additions from acquisitions and capitalisations	304	1	305	237	6,237	–1	6,473
Reclassifications	–12	0	–12				
Retirements and disposals	–186	0	–187	–58	–8,755		–8,813
Change in exchange rates	48	2	50	50		0	50
Acquisition value	3,189	26	3,215	2,525	39,662	2	42,190
Opening balance	–1,765	–9	–1,773	–1,250	–15,183	0	–16,434
Current year's depreciations	–377	0	–378	–293	–4,783		–5,076
Current year's impairments	0		0				
Reclassifications	0	0	0				
Retirements and disposals	179	0	179	53	5,105		5,158
Change in exchange rates	–30	–1	–31	–36	325	0	288
Accumulated depreciations	–1,993	–10	–2,003	–1,527	–14,537	0	–16,064
TOTAL	1,196	16	1,212	999	25,125	2	26,126
2020							
Opening balance	3,042	30	3,072	2,029	44,910	2	46,941
Additions from acquisitions and capitalisations	341	1	342	183	5,042	1	5,226
Reclassifications and mergers	–20	0	–20	169			169
Retirements and disposals	–224	–1	–225	–13	–7,772		–7,785
Change in exchange rates	–104	–7	–111	–72		0	–72
Acquisition value	3,036	22	3,059	2,296	42,180	2	44,479
Opening balance	–1,692	–12	–1,704	–981	–15,736		–16,717
Current year's depreciations	–352	–1	–354	–265	–4,814		–5,079
Reclassifications and mergers	1	0	1	–63			–63
Retirements and disposals	207	1	208	9	5,947		5,956
Change in exchange rates	72	3	75	50	–580		–530
Accumulated depreciations	–1,765	–9	–1,773	–1,250	–15,183		–16,434
TOTAL	1,272	14	1,286	1,046	26,997	2	28,045

1) Equipment leased to clients are recognised as financial leases and presented as loans in the group. See note 49.

25 Other assets

	Group		Parent company	
	2021	2020	2021	2020
Trade receivables	1,838	1,342	1,289	1,409
Client receivables	12,105	9,764	11,432	9,204
Other assets	7,057	5,388	7,859	5,806
TOTAL	21,001	16,494	20,580	16,418

26 Prepaid expenses and accrued income

	Group		Parent company	
	2021	2020	2021	2020
Prepaid expenses	2,193	1,764	2,168	1,925
Accrued income	492	462	364	336
Other	29	16	286	266
TOTAL	**2,714**	**2,242**	**2,818**	**2,527**

27 Deposits

	Group		Parent company	
	2021	2020	2021	2020
Deposits	14,399	47,134	14,398	47,134
Deposits from central banks	**14,399**	**47,135**	**14,398**	**47,134**
Deposits	57,545	48,290	68,759	85,707
Margins of safety	1,439	14,225	1,341	13,386
Repos	1,824	1,604	778	1,604
Registered bonds[1)]		56		
Deposits from credit institutions	**60,808**	**64,174**	**70,878**	**100,697**
General governments	20,276	16,976	10,996	8,014
Financial corporations	368,304	284,796	374,576	290,241
Non-financial corporations	672,616	604,743	597,941	535,887
Households	439,281	382,852	325,425	286,121
Margins of safety	87,854	71,281	87,839	71,297
Repos	7,713	7,272	7,713	7,272
Registered bonds[1)]	1,406	3,307		
Deposits and borrowings from the public	**1,597,449**	**1,371,227**	**1,404,490**	**1,198,833**
TOTAL	**1,672,655**	**1,482,536**	**1,489,766**	**1,346,663**

1) Of which SEK 1,406m (3,362) at Fair Value Through Profit or Loss Designated (FVDPL) for the group. The group's contractual liability is SEK 1,250m (2,922). Difference between carrying amount and the amount the company is contractually obligated to pay to holders of registered bonds at maturity are, for the group SEK 156m (441). The accumulated impact from reflecting the group's own credit standing in the fair value measurement amounts to SEK –11m (162), of which SEK –173m (–8) relates to 2021.

For registered bonds at Fair Value Through Profit or Loss Designated (FVDPL) change in fair value attributable to change in credit risk is determined, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the registered bonds. Market conditions which give rise to market risk include changes in the benchmark interest rate.

The company believes that this approach most faithfully represents the amount of change in fair value due to own credit risk, as the changes in factors contributing to the fair value of the registered bonds other than changes in the benchmark interest rate are not deemed to be significant.

28 Liabilities to policyholders

Financial liabilities for which the customers bear the investment risk, investment contracts[1)]	Group	
	2021	2020
Opening balance	332,392	317,574
Change in investment contract provisions[2)]	89,016	16,692
Change in exchange rates	2,818	–1,874
TOTAL	**424,226**	**332,392**

1) Insurance provisions where the policyholders are carrying the risk. The liabilities and the underlying assets are reported at fair value mandatory through profit or loss.
2) The net of premiums received during the year, return on investment funds less payments to the policyholders and deduction of fees and policyholders' tax.

	Group	
Liabilities to policyholders, insurance contracts	2021	2020
Opening balance	29,624	26,547
Change in other insurance contract provisions[1)]	4,959	3,168
Change in exchange rates	39	–90
TOTAL	**34,623**	**29,624**

1) The net of premiums received during the year, allocated return on investment funds less payments to the policyholders and deduction of fees and policyholders' tax.

29 Debt securities issued

	Group		Parent company	
	2021	2020	2021	2020
Senior bonds[1)]	120,516	151,118	120,439	151,042
Senior non-preferred bonds	30,250	20,500	30,250	20,500
Covered bonds	291,478	333,756	291,478	333,756
Commercial Papers/Certificates of Deposits	287,861	244,128	287,861	244,117
TOTAL	**730,106**	**749,502**	**730,028**	**749,415**

1) Of which SEK 10,453m (13,618) at Fair Value Through Profit or Loss Designated (FVDPL) for the group and 10,376m (13,542) at Fair Value Through Profit or Loss Designated (FVDPL) for the parent company. The group's contractual liability is SEK 9,946m (13,848) and for the parent company SEK 9,870m (13,773). Difference between carrying amount and the amount the company is contractually obligated to pay to holders of issued securities at maturity are, for the group SEK 506m (–231) and for the parent company SEK 506m (–232). The accumulated impact from reflecting the group's own credit standing in the fair value measurement amounts to SEK 80m (110), of which SEK –30m relates to 2021 (97). The corresponding amount for the parent company is SEK 80m (110), of which SEK –30m relates to 2021 (97).

For issued securities at Fair Value Through Profit or Loss Designated (FVDPL) change in fair value attributable to change in credit risk is determined, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the issued securities. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the embedded derivatives are excluded from the assessment of market risk fair value changes.

The company believes that this approach most faithfully represents the amount of change in fair value due to own credit risk, as the changes in factors contributing to the fair value of the issued securities other than changes in the benchmark interest rate are not deemed to be significant.

30 Short positions

	Group		Parent company	
	2021	2020	2021	2020
Equity instruments	14,405	10,873	14,405	10,873
Debt securities	20,164	19,536	20,164	19,536
TOTAL	**34,569**	**30,409**	**34,569**	**30,409**

31 Other liabilities

	Group		Parent company	
	2021	2020	2021	2020
Trade payables	1,944	1,530	970	870
Client payables	6,701	11,599	5,119	10,488
Lease liabilities	5,527	5,639		
Other liabilities	28,714	15,848	19,521	12,244
TOTAL	**42,886**	**34,616**	**25,610**	**23,601**

32 Accrued expenses and prepaid income

	Group		Parent company	
	2021	2020	2021	2020
Accrued expenses	5,048	4,289	3,792	3,232
Prepaid income	774	884	129	137
Other	25	35	21	30
TOTAL	**5,848**	**5,208**	**3,941**	**3,399**

33 Provisions

	Group		Parent company	
	2021	2020	2021	2020
Other restructuring and redundancy reserves	53	124	48	59
Provisions for Financial guarantees and Loan commitments (note 18)	640	653	529	525
Other provisions	68	213	59	56
TOTAL	**761**	**990**	**636**	**640**

Other restructuring and redundancy reserves

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Opening balance	124	142	59	37
Additions	10	51	10	51
Unused amounts reversed	−18			
Other movements	−63	−67	−21	−29
Change in exchange rates	1	−2		
TOTAL	**53**	**124**	**48**	**59**

The main part of the reserve will cover redundancy costs to be used within three years.

Other provisions

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Opening balance	213	499	56	
Additions	5	8		
Amounts used	−3	−2		
Unused amounts reversed	−147	−294		
Other movements	−1	2	4	56
Change in exchange rates	1			
TOTAL	**68**	**213**	**59**	**56**

Other provisions mainly consist of costs for re-organisation within the group to be used within four years and unsettled claims covering all operating segments.

34 Subordinated liabilities

	Group		Parent company	
	2021	2020	2021	2020
Debenture loans	14,726	19,056	13,826	18,606
Debenture loans, perpetual	13,555	12,279	13,555	12,279
Change in the value due to hedge accounting at fair value	145	695	145	695
Accrued interest	123	257	123	257
TOTAL	**28,549**	**32,287**	**27,649**	**31,837**

Debenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2014/2026	EUR	1,000	5,121	2.500
2016/2028	EUR	850	8,705	0.750
Total parent company			**13,826**	
Debenture loans issued by other subsidiaries			900	
TOTAL			**14,726**	

Debenture loans, perpetual

	Currency	Original nom. amount	Book value	Rate of interest, %
2017	USD	600	5,422	5.625
2019	USD	900	8,133	5.125
TOTAL			**13,555**	

35 Untaxed reserves[1)]

	Parent company	
	2021	**2020**
Depreciation in excess of plan on office equipment/leased assets	17,100	18,590
TOTAL	**17,100**	**18,590**

1) In the balance sheet of the group untaxed reserves are reclassified partly as deferred tax liability and partly as restricted equity.

Parent company

	Excess depreciation	Total
Opening balance	19,875	**19,875**
Reversals	−1,285	**−1,285**
Closing balance 2020	**18,590**	**18,590**
Reversals	−1,490	**−1,490**
Closing balance 2021	**17,100**	**17,100**

36 Fair value measurement of assets and liabilities

2021	Group				Parent company			
Assets	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Loans		85,032	70	**85,102**		85,032	70	**85,102**
Debt securities	95,783	101,575	49	**197,407**	69,627	98,821	49	**168,497**
Equity instruments	100,548	558	19,635	**120,742**	90,372	448	5,329	**96,149**
Financial assets for which the customers bear the investment risk	404,178	10,545	7,774	**422,497**				
Derivatives – Interest related	189	56,518	303	**57,010**	189	51,692	303	**52,184**
Derivatives – Equity related	896	3,385	2	**4,283**	896	3,385	2	**4,283**
Derivatives – Currency related	29	36,151		**36,180**	30	36,251		**36,281**
Derivatives – Credit related		639		**639**		639		**639**
Derivatives – Commodities related		26,966		**26,966**		26,966		**26,966**
Derivatives – Hedge accounting		973		**973**		973		**973**
Investment in associates[1)]	80		622	**702**	80		622	**702**
TOTAL	**601,704**	**322,341**	**28,456**	**952,501**	**161,194**	**304,207**	**6,375**	**471,775**
Liabilities								
Deposits		10,169		**10,169**		8,491		**8,491**
Financial liabilities for which the customers bear the investment risk	405,907	10,545	7,774	**424,226**				
Liabilities to policyholders	33,634	988		**34,623**				
Debt securities issued		10,453		**10,453**		10,376		**10,376**
Short positions debt securities	499	19,665		**20,164**	499	19,665		**20,164**
Short positions equity instruments	14,388	18		**14,405**	14,388	18		**14,405**
Derivatives – Interest related	106	49,027	329	**49,461**	105	44,713	329	**45,147**
Derivatives – Equity related	728	7,357		**8,085**	728	7,357		**8,085**
Derivatives – Currency related	38	26,864		**26,902**	39	26,501		**26,541**
Derivatives – Credit related		584		**584**		584		**584**
Derivatives – Commodities related		32,692		**32,692**		32,692		**32,692**
Derivatives – Hedge accounting		449		**449**		449		**449**
Other financial liabilities	4	5,717		**5,721**	4	5,717		**5,721**
TOTAL	**455,304**	**174,527**	**8,103**	**637,934**	**15,763**	**156,562**	**329**	**172,653**

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

2020	Group				Parent company			
Assets	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Loans		120,124		**120,124**		120,124		**120,124**
Debt securities	100,088	153,154		**253,242**	74,205	150,182		**224,387**
Equity instruments	65,762	3,117	13,360	**82,240**	58,120	2,930	2,775	**63,825**
Financial assets for which the customers bear the investment risk	324,650	5,835	465	**330,950**				
Derivatives – Interest related	47	85,337	425	**85,810**	47	80,293	425	**80,765**
Derivatives – Equity related	900	2,597		**3,497**	899	2,597		**3,496**
Derivatives – Currency related	56	58,161		**58,217**	56	57,705		**57,761**
Derivatives – Credit related		558		**558**		558		**558**
Derivatives – Commodities related		13,485		**13,485**		13,485		**13,485**
Derivatives – Hedge accounting		3,343		**3,343**		3,326		**3,326**
Investment in associates[1)]	60		526	**586**	60		526	**586**
TOTAL	**491,563**	**445,711**	**14,776**	**952,051**	**133,387**	**431,200**	**3,726**	**568,313**
Liabilities								
Deposits		12,238		**12,238**		8,876		**8,876**
Financial liabilities for which the customers bear the investment risk	326,166	5,773	453	**332,392**				
Liabilities to policyholders	28,511	1,113		**29,624**				
Debt securities issued		13,618		**13,618**		13,542		**13,542**
Short positions debt securities	13,300	6,236		**19,536**	13,300	6,236		**19,536**
Short positions equity instruments	10,873			**10,873**	10,873			**10,873**
Derivatives – Interest related	84	65,052	406	**65,543**	84	61,124	406	**61,614**
Derivatives – Equity related	673	8,284		**8,957**	672	8,283		**8,955**
Derivatives – Currency related	49	71,481		**71,530**	51	71,379		**71,430**
Derivatives – Credit related		1,328		**1,328**		1,328		**1,328**
Derivatives – Commodities related		13,458		**13,458**		13,458		**13,458**
Derivatives – Hedge accounting		745		**745**		744		**744**
Other financial liabilities	123	621		**744**	123	621		**744**
TOTAL	**379,779**	**199,949**	**859**	**580,586**	**25,103**	**185,591**	**406**	**211,100**

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

Fair value measurement

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

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

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

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

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. These adjustments are calculated on a counterparty level based on estimates of exposure at default, probability of default and recovery rates. Probability of default and recovery rate information is generally sourced from the CDS markets. For counterparties where this information is not available, or considered unreliable due to the nature of the exposure, alternative approaches are taken where the probability of default is based on generic credit indices for specific industry and/or rating. The impact from these adjustments are shown in note 6.

When valuing financial liabilities at fair value own credit standing is reflected. Fair values of financial assets and liabilities by class can be found in note 37.

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in note 1. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

The fair value of the unit linked financial liabilities is determined using the fair value of the financial assets linked to the financial liabilities attributed to the policyholder on the balance sheet date. However, if the liability is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender. Any differences between assets and liabilities are due to premiums paid that have not yet been invested in funds. Changes in the value of unit linked insurance does not affect SEB as they belong to the policyholders.

Note 36 continued Fair value measurement of assets and liabilities

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

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

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

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

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

Level 3: Valuation techniques with significant unobservable inputs
Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques.

Examples of Level 3 financial instruments are more complex OTC derivatives, long term options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and private equity holdings.

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

Significant transfers and reclassifications between levels
Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. At the end of Q4 some improvements in the classification methodology was implemented and lead to a transfer within Equity instruments from Level 1 and Level 2 into Level 3 in the amount of SEK 6.3bn. The largest open market risk within Level 3 financial instruments remains in the traditional life insurance investment portfolios within the insurance business.

Changes in level 3

Group, 2021

Assets	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Loans		−23	92					1	**70**
Debt securities	0		10			39			**49**
Equity instruments	13,360	3,797	3,994	−2,096		498	−19	101	**19,635**
Financial assets for which the customers bear the investment risk	465	−60	4,215	−28		6,373	−3,267	76	**7,774**
Derivatives – Interest related	425	−56	45		−111				**303**
Derivatives – Equity related			2						**2**
Investment in associates[1)]	526	67	120	−91					**622**
TOTAL	**14,776**	**3,725**	**8,478**	**−2,215**	**−111**	**6,910**	**−3,286**	**179**	**28,456**

Liabilities

Liabilities	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Financial liabilities for which the customers bear the investment risk	453	−58	4,208	−25		6,384	−3,265	77	**7,774**
Derivatives – Interest related	406	−13		45	−110			1	**329**
TOTAL	**859**	**−71**	**4,208**	**20**	**−110**	**6,384**	**−3,265**	**78**	**8,103**

Group, 2020

Assets	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Debt securities	5			−5					**0**
Equity instruments	13,050	−912	3,128	−1,782			−7	−116	**13,360**
Financial assets for which the customers bear the investment risk	631	−153	7	−10		165	−158	−17	**465**
Derivatives – Interest related	478	−250	65		132				**425**
Investment in associates[1)]	381	67	78						**526**
TOTAL	**14,544**	**−1,248**	**3,278**	**−1,797**	**132**	**165**	**−165**	**−133**	**14,776**

Liabilities

Liabilities	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Financial liabilities for which the customers bear the investment risk	625	−154		−8		165	−158	−17	**453**
Short positions equity instruments	41	−53		11				1	**0**
Derivatives – Interest related	342	102	−104	69	−3				**406**
TOTAL	**1,008**	**−105**	**−104**	**72**	**−3**	**165**	**−158**	**−16**	**859**

1) Fair value gains and losses recognised in the income statement are included in Net financial income and Net other income.
2) Gains/losses recognised in the income statement relating to instruments held as at 31 December are SEK 3,723m (1,044).

Changes in level 3

Parent company, 2021

Assets	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Loans		−23	92					1	**70**
Debt securities			10			39			**49**
Equity instruments	2,762	1,040	869	−84		643		99	**5,329**
Derivatives – Interest related	425	−56	45		−111				**303**
Derivatives – Equity related			2						**2**
Investment in associates[1)]	526	67	120	−91					**622**
TOTAL	**3,713**	**1,028**	**1,138**	**−175**	**−111**	**682**	**0**	**100**	**6,375**
Liabilities									
Derivatives – Interest related	406	−13		45	−109				**329**
TOTAL	**406**	**−13**		**45**	**−109**				**329**

Parent company, 2020

Assets	Opening balance	Gain/loss in Income statement[1) 2)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Change in exchange rates	Closing balance
Equity instruments	2,806	−9	152	−72			−7	−108	**2,762**
Derivatives – Interest related	478	−250	65		132				**425**
Investment in associates[1)]	381	67	78						**526**
TOTAL	**3,665**	**−192**	**295**	**−72**	**132**		**−7**	**−108**	**3,713**
Liabilities									
Short positions equity instruments	41	−52		11					**0**
Derivatives – Interest related	342	102	−104	69	−3				**406**
TOTAL	**383**	**50**	**−104**	**80**	**−3**				**406**

1) Fair value gains and losses recognised in the income statement are included in Net financial income and Net other income.
2) Gains/losses recognised in the income statement relating to instruments held as at 31 December are SEK 968m (−142).

Sensitivity of Level 3 financial instruments to unobservable inputs
The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives. There have been no significant changes during 2021. The largest open market risk within Level 3 financial instruments is found within the insurance business.

	2021				2020			
Group	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments[1) 4)]	303	−325	−22	36	427	−406	21	55
Debt instrument[3)]	119		119	6				
Equity instruments[2) 5) 6)]	4,137		4,137	680	2,251		2,251	419
Investments in associates[2)]	1,814		1,814	363	1,034		1,034	207
Insurance holdings – Financial instruments[3) 4) 6) 7)]	14,176		14,176	1,847	10,367		10,367	1,230

1) Volatility valuation inputs for Bermudan swaptions are unobservable. Volatilities used for ordinary swaptions are adjusted further in order to reflect the additional uncertainty associated with the valuation of Bermudan style swaptions. The sensitivity is calculated from shift in implied volatilities and aggregated from each currency and maturity bucket.
2) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent shift in market values.
3) Sensitivity for debt securities is generally quantified as shift in market values of 5 per cent except for credit opportunity 10 per cent and for distressed debt and structured credits 15 per cent.
4) Shift in implied volatility by 10 per cent.
5) Sensitivity analysis is based on a shift in market values of hedge funds 5 per cent, private equity of 20 per cent, structured credits 15 per cent.
6) Sensitivity from a shift of investment properties/real estate funds market values of 10 per cent and infrastructure/infrastructure funds market values of 20 per cent.
7) The sensitivity show changes in the value of the insurance holdings which do not at all times affect the P/L of the group since any surplus in the traditional life portfolios are consumed first.

37 Financial assets and liabilities by class

Group, 2021	Book value						Fair value			
Assets	FVHFT	FVMPL	FVDPL	Hedge instru-ments	AmC	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observa-ble inputs (Level 3)	Total
Loans[1]	82,643	2,459			2,262,909	**2,348,011**	24,663	91,611	2,230,006	**2,346,280**
Debt securities	53,687	135,513	8,207		8,543	**205,950**	95,783	109,217	920	**205,919**
Equity instruments	89,284	31,458				**120,742**	100,548	558	19,635	**120,742**
Financial assets for which the customers bear the investment risk		422,497				**422,497**	404,178	10,545	7,774	**422,497**
Derivatives	125,078			973		**126,051**	1,115	124,632	305	**126,051**
Other					16,282	**16,282**	2,157		14,126	**16,282**
Financial assets	**350,692**	**591,927**	**8,207**	**973**	**2,287,735**	**3,239,534**	**628,443**	**336,563**	**2,272,766**	**3,237,772**
Other assets (non-financial)						**64,696**				
TOTAL	**350,692**	**591,927**	**8,207**	**973**	**2,287,735**	**3,304,230**				
Liabilities										
Deposits	8,491		1,678		1,662,486	**1,672,655**	310	16,554	1,656,239	**1,673,103**
Financial liabilities for which the customers bear the instru-ments investment risk			424,226			**424,226**	405,907	10,545	7,774	**424,226**
Debt securities issued			10,453		748,202	**758,655**		764,955	900	**765,856**
Short positions debt securities	20,164					**20,164**	499	19,665		**20,164**
Short positions equity instruments	14,405					**14,405**	14,388	18		**14,405**
Derivatives	117,724			449		**118,173**	872	116,973	329	**118,173**
Other	5,721		702		14,539	**20,961**	194	5,823	14,946	**20,962**
Financial liabilities	**166,505**		**437,059**	**449**	**2,425,227**	**3,029,240**	**422,170**	**934,532**	**1,680,188**	**3,036,890**
Liabilities to policyholders						**34,623**				
Other liabilities (non-financial)						**47,140**				
Total equity						**193,228**				
TOTAL	**166,505**		**437,059**	**449**	**2,425,227**	**3,304,230**				

1) Includes Cash balances at central banks SEK 437,187m.

Group, 2020	Book value						Fair value			
Assets	FVHFT	FVMPL	FVDPL	Hedge instru-ments	AmC	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observa-ble inputs (Level 3)	Total
Loans[1]	119,997	127			2,026,082	**2,146,206**	17,280	127,740	2,012,705	**2,157,725**
Debt securities	115,522	129,880	7,840		12,191	**265,433**	100,607	164,648	0	**265,254**
Equity instruments	58,448	23,792				**82,240**	65,762	3,117	13,360	**82,240**
Financial assets for which the customers bear the investment risk		330,950				**330,950**	324,650	5,835	465	**330,950**
Derivatives	161,566			3,343		**164,909**	1,003	163,481	425	**164,909**
Other			496		13,479	**13,975**	2,155		11,820	**13,975**
Financial assets	**455,533**	**484,749**	**8,336**	**3,343**	**2,051,751**	**3,003,712**	**511,457**	**464,821**	**2,038,775**	**3,015,052**
Other assets (non-financial)						**36,720**				
TOTAL	**455,533**	**484,749**	**8,336**	**3,343**	**2,051,751**	**3,040,432**				
Liabilities										
Deposits	8,876		3,362		1,470,297	**1,482,536**	410	20,352	1,462,539	**1,483,301**
Financial liabilities for which the customers bear the instru-ments investment risk			332,392			**332,392**	326,166	5,773	453	**332,392**
Debt securities issued	0		13,618		768,172	**781,789**	0	794,016	461	**794,477**
Short positions debt securities	19,536					**19,536**	13,300	6,236	0	**19,536**
Short positions equity instruments	10,873					**10,873**	10,873	0	0	**10,873**
Derivatives	160,816			745		**161,561**	806	160,349	406	**161,561**
Other	744				19,084	**19,828**	204	782	18,889	**19,875**
Financial liabilities	**200,845**		**349,372**	**745**	**2,257,553**	**2,808,515**	**351,759**	**987,509**	**1,482,748**	**2,822,015**
Liabilities to policyholders						**29,624**				
Other liabilities (non-financial)						**30,349**				
Total equity						**171,943**				
TOTAL	**200,845**		**349,372**	**745**	**2,257,553**	**3,040,432**				

1) Includes Cash balances at central banks SEK 321,621m.

Note 37 continued Financial assets and liabilities by class

Parent company, 2021	Book value					
Assets	FVHFT	FVMPL	FVDPL	Hedge instruments	AmC	Total
Loans[1)]	82,643	2,459			2,002,028	**2,087,130**
Debt securities	53,527	114,970			9,944	**178,441**
Equity instruments	89,284	6,865			50,066	**146,215**
Derivatives	120,353			973		**121,326**
Other					13,904	**13,904**
Financial assets	**345,806**	**124,294**		**973**	**2,075,942**	**2,547,015**
Other assets (non-financial)						**40,818**
TOTAL	**345,806**	**124,294**		**973**	**2,075,942**	**2,587,834**
Liabilities						
Deposits	8,491				1,481,275	**1,489,766**
Debt securities issued			10,376		747,301	**757,677**
Derivatives	113,048			449		**113,497**
Other	40,290				7,142	**47,432**
Financial liabilities	**161,829**		**10,376**	**449**	**2,235,718**	**2,408,371**
Other liabilities (non-financial)						**24,549**
Total equity and untaxed reserves						**154,913**
TOTAL	**161,829**		**10,376**	**449**	**2,235,718**	**2,587,834**

1) Includes Cash balances at central banks SEK 371,465m.

Parent company, 2020	Book value					
Assets	FVHFT	FVMPL	FVDPL	Hedge instruments	AmC	Total
Loans[1)]	119,997	127			1,814,593	**1,934,717**
Debt securities	115,411	108,976			15,541	**239,928**
Equity instruments	58,448	5,377			46,356	**110,181**
Derivatives	156,037			3,343		**159,380**
Other					12,049	**12,049**
Financial assets	**449,893**	**114,480**		**3,343**	**1,888,539**	**2,456,255**
Other assets (non-financial)						**40,854**
TOTAL	**449,893**	**114,480**		**3,343**	**1,888,539**	**2,497,110**
Liabilities						
Deposits	8,876				1,337,788	**1,346,664**
Debt securities issued			13,542		767,710	**781,252**
Derivatives	156,784			745		**157,529**
Other	31,153				11,589	**42,742**
Financial liabilities	**196,813**		**13,542**	**745**	**2,117,087**	**2,328,187**
Other liabilities (non-financial)						**16,427**
Total equity and untaxed reserves						**152,496**
TOTAL	**196,813**		**13,542**	**745**	**2,117,087**	**2,497,110**

1) Includes Cash balances at central banks SEK 294,380m.

SEB has classified its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans are further specified in note 18 and 40f.

Equity instruments includes shares, rights issues and similar contractual rights of other entities.

Debt instruments includes contractual rights to receive or obligations to deliver cash on a predetermined date. These are further specified in note 19 and 40f.

Derivatives includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 21.

Investment contracts include those assets and liabilities in the Life insurance operations where the policyholder is carrying the risk of the contractual agreement (is not qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 42.

Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 42.

Other includes other financial assets and liabilities recognised in accordance with IFRS 9, i.e. Trade and client receivables and payables.

38 Assets and liabilities distributed by main currencies

Group, 2021	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and cash balances and loans to central banks	196,067	149,112	85,308	1,517	2,396	2,847	6,550	**443,798**
Loans to credit institutions	7,053	14,596	25,560	1,209	1,074	1,140	9,377	**60,009**
Loans to the public	1,093,327	395,385	148,026	43,181	83,785	64,038	18,620	**1,846,362**
Other financial assets	602,696	108,254	96,253	35,863	13,283	29,399	3,618	**889,366**
Other assets	19,994	40,275	2,386	305	1,103	295	339	**64,696**
TOTAL ASSETS	**1,919,137**	**707,623**	**357,533**	**82,074**	**101,642**	**97,719**	**38,502**	**3,304,230**
Deposits from central banks	16	2,750	6,529				5,103	**14,399**
Deposits from credit institutions	21,867	12,238	11,691	221	7,925	3,415	3,452	**60,808**
Deposits and borrowing from the public	791,024	408,979	223,630	54,551	24,780	69,416	25,069	**1,597,449**
Other financial liabilities	738,501	226,670	336,757	72,438	9,953	6,465	424	**1,391,208**
Other liabilities	14,794	12,628	4,980	4,348	2,795	6,550	1,045	**47,140**
Total equity	193,228							**193,228**
TOTAL LIABILITIES AND EQUITY	**1,759,430**	**663,265**	**583,587**	**131,558**	**45,451**	**85,846**	**35,093**	**3,304,230**
Group, 2020								
Cash and cash balances and loans to central banks	124,990	150,428	38,839	158	981	5,436	6,578	**327,409**
Loans to credit institutions	5,389	8,948	18,483	1,788	761	1,758	13,664	**50,791**
Loans to the public	1,035,355	400,450	130,015	30,436	82,110	72,222	19,572	**1,770,161**
Other financial assets	575,781	104,405	78,415	24,417	27,017	41,134	4,182	**855,351**
Other assets	1,644	30,920	2,150	294	1,073	286	353	**36,720**
TOTAL ASSETS	**1,743,159**	**695,152**	**267,902**	**57,093**	**111,943**	**120,836**	**44,348**	**3,040,432**
Deposits from central banks	35,010	215	7,181				4,729	**47,135**
Deposits from credit institutions	17,182	12,650	8,695	78	9,307	14,495	1,767	**64,174**
Deposits and borrowing from the public	705,202	361,933	156,297	48,652	34,575	37,624	26,943	**1,371,227**
Other financial liabilities	677,198	270,450	315,430	25,493	16,270	13,074	2,425	**1,320,341**
Other liabilities	41,166	16,271	2,332	815	2,625	1,123	1,280	**65,612**
Total equity	171,943							**171,943**
TOTAL LIABILITIES AND EQUITY	**1,647,701**	**661,519**	**489,935**	**75,039**	**62,778**	**66,317**	**37,144**	**3,040,432**

Parent company, 2021	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and cash balances at central banks	196,058	81,147	85,279	1,257	2,384	2,337	3,004	**371,466**
Loans to credit institutions	12,490	20,726	25,102	1,117	3,339	4,506	7,053	**74,334**
Loans to the public	1,068,408	225,807	147,521	43,108	81,060	58,385	17,042	**1,641,332**
Other financial assets	198,657	83,163	95,708	36,186	13,284	29,397	3,491	**459,885**
Other assets	6,432	27,693	2,368	248	1,002	2,626	447	**40,817**
TOTAL ASSETS	**1,482,045**	**438,536**	**355,977**	**81,917**	**101,070**	**97,251**	**31,038**	**2,587,834**
Deposits from central banks	16	2,750	6,529				5,103	**14,398**
Deposits from credit institutions	24,774	13,825	16,870	444	8,112	3,712	3,142	**70,878**
Deposits and borrowing from the public	800,121	217,452	218,374	54,750	24,710	69,246	19,836	**1,404,490**
Other financial liabilities	316,104	177,839	336,410	72,097	9,648	6,231	276	**918,606**
Other liabilities	6,905	3,117	4,891	173	2,316	6,138	1,010	**24,549**
Shareholders' equity and untaxed reserves	154,913							**154,913**
TOTAL LIABILITIES AND EQUITY	**1,302,833**	**414,983**	**583,075**	**127,464**	**44,786**	**85,327**	**29,367**	**2,587,834**
Parent company, 2020								
Cash and cash balances at central banks	124,967	121,632	38,801		967	2,179	5,846	**294,391**
Loans to credit institutions	9,050	25,571	17,954	1,258	2,384	7,429	7,380	**71,027**
Loans to the public	1,009,456	234,629	129,334	30,392	79,860	67,108	18,532	**1,569,310**
Other financial assets	266,466	80,256	77,584	24,810	27,012	41,135	4,267	**521,530**
Other assets	11,206	23,145	2,281	421	961	2,435	404	**40,852**
TOTAL ASSETS	**1,421,144**	**485,232**	**265,954**	**56,881**	**111,184**	**120,285**	**36,429**	**2,497,110**
Deposits from central banks	35,010	214	7,181				4,729	**47,134**
Deposits from credit institutions	19,605	41,125	12,779	808	9,402	14,823	2,153	**100,697**
Deposits and borrowing from the public	713,942	194,462	150,807	48,720	34,491	37,313	19,098	**1,198,833**
Other financial liabilities	378,402	230,522	315,398	25,471	16,273	13,064	2,394	**981,523**
Other liabilities	8,365	2,507	2,197	618	1,847	550	344	**16,427**
Shareholders' equity and untaxed reserves	152,496							**152,496**
TOTAL LIABILITIES AND EQUITY	**1,307,820**	**468,830**	**488,361**	**75,617**	**62,013**	**65,750**	**28,719**	**2,497,110**

39 Current and non-current assets and liabilities

Group	2021			2020		
Assets	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Cash and cash balances at central banks	439,344		**439,344**	323,776		**323,776**
Loans to central banks	4,454		**4,454**	3,633		**3,633**
Loans to credit institutions	55,031	4,977	**60,009**	46,213	4,579	**50,791**
Loans to the public	616,003	1,230,359	**1,846,362**	618,518	1,151,643	**1,770,161**
Debt securities	205,950		**205,950**	265,433		**265,433**
Equity instruments	120,742		**120,742**	82,240		**82,240**
Financial assets for which the customers bear the investment risk	422,497		**422,497**	330,950		**330,950**
Derivatives	126,051		**126,051**	164,909		**164,909**
Fair value changes of hedged items in a portfolio hedge of interest rate risk				496		**496**
Investments in subsidiaries, associates and joint ventures		1,510	**1,510**		1,272	**1,272**
Intangible assets	912	6,554	**7,466**	849	6,960	**7,808**
Properties and equipment	378	834	**1,212**	354	932	**1,286**
Right-of-use assets	844	4,235	**5,079**	5,141		**5,141**
Current tax assets	15,359		**15,359**	6,070		**6,070**
Deferred tax assets		675	**675**		444	**444**
Retirement benefit assets	23,804		**23,804**	7,287		**7,287**
Other assets	21,001		**21,001**	16,494		**16,494**
Prepaid expenses and accrued income	2,714		**2,714**	2,242		**2,242**
TOTAL	**2,055,085**	**1,249,145**	**3,304,230**	**1,874,603**	**1,165,829**	**3,040,432**

	2021			2020		
Liabilities	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from central banks and credit institutions	73,119	2,087	**75,206**	73,699	37,610	**111,309**
Deposits and borrowing from the public	1,591,808	5,641	**1,597,449**	1,361,872	9,355	**1,371,227**
Financial liabilities for which the customers bear the investment risk	19,343	404,883	**424,226**	16,812	315,580	**332,392**
Liabilities to policyholders	2,598	32,025	**34,623**	2,127	27,497	**29,624**
Debt securities issued	399,882	330,224	**730,106**	381,744	367,758	**749,502**
Short positions	34,569		**34,569**	30,409		**30,409**
Derivatives	118,173		**118,173**	161,561		**161,561**
Other financial liabilities	5,721		**5,721**	744		**744**
Fair value changes of hedged items in a portfolio hedge	702		**702**			
Current tax liabilities	1,384		**1,384**	993		**993**
Deferred tax liabilities		10,354	**10,354**		7,212	**7,212**
Other liabilities	38,297	4,589	**42,886**	34,616		**34,616**
Accrued expenses and prepaid income	5,848		**5,848**	5,208		**5,208**
Provisions		761	**761**		990	**990**
Retirement benefit liabilities		445	**445**		414	**414**
Subordinated liabilities	5,500	23,048	**28,549**	10,375	21,912	**32,287**
TOTAL	**2,296,944**	**814,059**	**3,111,002**	**2,080,160**	**788,329**	**2,868,489**

Assets and liabilities are classified as current assets and current liabilities when they are cash or cash equivalents, are hold for trading purposes, are expected to be sold, settled or consumed in normal business, and are expected to be realised within twelve months. All other assets and liabilities are classified as non-current.

40 Risk disclosures

SEB defines risk as the possibility of a negative deviation from an expected financial outcome. SEB's profitability is directly dependent upon its ability to assess, manage and price the risks encountered, while maintaining an adequate capital and liquidity position to meet unforeseen events. The Board of Directors is responsible for setting the maximum acceptable levels of risks to be taken by the bank. The risk tolerance statements of the Board convey the direction and level of risk, funding structure, and necessary liquidity and capital buffers.

SEB's main risk is credit risk. Other risks that the group is exposed to include market risk, non-financial risks, business risk, insurance and pension risk, and liquidity risk. In order to cover the risks, SEB holds a capital buffer and liquidity reserves in case of unforeseen events. SEB strives to continuously identify and manage risks in its operations, both existing and emerging risks, in a designated risk management process. The aggregate risk profile of SEB is regularly monitored and reported to the Group Risk Committee (GRC) and the Board. In the annual capital adequacy process, the capital need of the group is evaluated based on the risk profile and future business strategy, taking into consideration the financial stability requirements of the regulators, debt investors, business counterparties and shareholders' required rate of return.

→ Further information about SEB's risk, liquidity and capital management is available on pages 86–91, notes 18 and 41 and in SEB's report under Pillar 3: Capital Adequacy and Risk Management Report (available on www.sebgroup.com). For more information about climate-related matters related to risk, see Sustainability report pages 42–69.

40a Credit risk

Definition
Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also comprises counterparty risk derived from the trading operations, country risk, settlement risk, and credit concentration risk.

Credit risk is the main risk in SEB and arises in the lending and commitments to customers, including corporates, financial institutions, public sector entities, and private individuals. This is referred to as the credit portfolio. SEB's total credit exposure consists of the credit portfolio as well as debt instruments.

Risk management
Credit policies and approval process
The main principle in SEB's general credit policy is that all lending is based on credit analysis and is proportionate to the customer's cash flow and ability to repay. The customer shall be known to the bank and the purpose of the loan shall be fully understood. The business units take full responsibility of the credit risk until repayment.

A credit approval is based on an evaluation of the customer's creditworthiness and the type of credit. Relevant factors include the customer's current and anticipated financial position and protection provided by covenants and collateral. A credit approval takes the proposed transaction into account as well as the customer's total business with the bank. The credit decision also includes a risk classification of the customer based on this analysis. The process differs depending on the type of customer (e.g., retail, corporate or institutional), risk level, as well as size and type of transaction. For larger corporate customers, independent and professional credit analysis is particularly important, and the decisions are mostly taken by a credit committee. For private individuals and small businesses, the credit approval is often based on credit scoring models. Every credit decision of significance requires approval from an independent credit officers, one with chairman status. Credit decision-making is based on a hierarchical structure, with the Group Risk Committee (GRC) being the highest credit granting body, subject to limited exceptions. Below the GRC, there are divisional credit committees and, in turn, local credit committees depending on the location of the customer, with small approval authorities for certain bank officers. The approval mandates for each level are set on a risk-adjusted basis using both quantitative and qualitative criteria.

SEB's credit policies reflect the group's approach to sustainability as described in the Corporate Sustainability Policy, the Environmental Policy, the Human Rights Policy, and the Credit Policy on Corporate Sustainability. Position statements on climate change, child labour, and access to fresh water, as well as a number of industry sector policies, including Forestry, Fossil fuel, Mining and metals, Renewable energy and Shipping, are considered in the credit granting process and are also used in customer dialogues. Environmental, social and governance risks (so-called ESG risks) shall be considered in the credit analysis.

Risk mitigation
In order to reduce the credit risk, a number of credit risk mitigation techniques are used. The method used depends on its suitability for the product and the customer in question, its legal enforceability, and on SEB's experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are collateral pledges, guarantees, and netting agreements. The most common types of pledges are real estate, floating charges, and financial securities. For large corporate customers, credit risk is often mitigated using covenants. In the trading operations, daily margin arrangements are frequently used to mitigate net open counterparty exposures at any point in time.

Limits and monitoring
To manage the credit risk for individual customers or customer groups, a limit is established that reflects the maximum exposure that SEB is willing to accept. Limits are also established for total exposure in countries in certain risk classes, certain customer segments and for settlement risks in the trading operations.

SEB continuously reviews the quality of its credit exposures. All limits and risk classes are reviewed at least annually by a credit approval body (a credit committee consisting of at least two bank officers as authorised by the group's Credit Instruction, adopted by the Board).

Weak or impaired exposures are subject to more frequent reviews. The objective is to identify credit exposures with an elevated risk of loss at an early stage and to work together with the customer towards a solution that enables the customer to meet its financial obligations and SEB to avoid or limit credit losses. In its core markets, SEB maintains local restructuring teams that are engaged in problem exposures. These are supported by a global restructuring function with overall responsibility for managing problem exposures.

Allowances are made for expected credit losses of financial assets in scope of the accounting standard IFRS 9 Financial Instruments. The guiding principle of the expected credit loss model is to reflect the general pattern of deterioration or improvement in the credit quality of the assets.

→ For a description of the methodology to estimate the expected credit loss allowance, refer to note 1 and note 18.

Loans where the contractual terms have been amended in favour of the customer due to financial difficulties are referred to as forborne loans. Forbearance measures range from amortisation holidays (the most common measure) to refinancing with new terms and debt forgiveness. If changes in contractual terms are significant, the loan is also considered impaired.

A relevant credit approval body shall approve the forbearance measures as well as the classification of the loan as being forborne or not.

Credit portfolio analysis and stress tests
The risk organisation regularly reviews and assesses the aggregate credit portfolio based on industry, geography, risk class, product type, size, and other parameters. Risk concentrations in geographic and industry sectors as well as in large single names are thoroughly analysed, both in respect of direct and indirect exposures and in the form of collateral, guarantees, and credit derivatives. As at year-end, the 20 largest corporate exposures (including real estate management) corresponded to 100 per cent of the capital base (93). Stress tests of the credit portfolio, including reverse stress tests, are performed regularly as a part of SEB's annual internal capital adequacy assessment process. Specific analyses and stress tests of certain sectors or sub-portfolios are performed as required.

Risk measurement
Credit risk is measured for all exposures, both in the banking book and the trading book. An internal ratings-based (IRB) risk classification system approved by the regulator is used for the majority of the bank's portfolios and reflects the risk of default on payment obligations. As at 31 December 2021, 92 per cent of the credit risk-weighted exposure amount was covered by the IRB approach.

For significant corporate portfolios, the risk classification system contains specific rating tools and PD (probability of default) scales. Larger and mid-sized counterparties are measured on a risk class scale of 1–16, while small- and medium-sized enterprises (SMEs) are measured on a scale of 1–12. Defaulted counterparties are given the highest risk class, and the three risk classes prior to default are defined as "watch list". For each risk class scale, SEB makes individual one-year through-the-cycle probability of default estimates, which are based on more than 20 years of internal and external data.

For private individuals and small businesses, SEB uses credit scoring systems to estimate PD for the customer. To achieve greater accuracy, SEB uses different credit scoring models for different regions and product segments, as both data accessibility and customer characteristics normally vary by country and product.

The exposure weighted PD of the total credit portfolio was 0.50 per cent at year-end (0.50).

→ The risk distribution of the non-retail and household portfolios is shown on page 177.

Counterparty credit risk in derivative contracts
SEB enters into derivative contracts primarily to support customers in the management of their financial exposures. SEB also uses derivatives to protect cash flows and fair values of financial assets and liabilities in its own book from market fluctuations.

Counterparty credit risk in derivative contracts is the risk of a counterparty not living up to its contractual obligations where SEB has a claim on the counterparty. The claim on the counterparty corresponds to a net positive exposure in favour of SEB. Since the market value of a derivative fluctuates during the term to maturity, the uncertainty of future market conditions must be taken into account. The potential future exposure (PFE) is calculated by applying an add-on to current market value. The add-on is generated either through simulation (internal model method) or by applying a standard add-on which is set by a fixed value depending on product type and time to maturity which reflects potential market movements for the specific contract (standardised method).

SEB's simulation-based approach for calculating potential future exposure (internal model method) is approved by the Swedish FSA for external capital reporting of counterparty credit risk of repos, interest rate derivatives and FX derivatives in the parent company.

Counterparty credit risk in derivative contracts is reduced through the use of close-out netting agreements where all positive and negative market values under an agreement can be netted at the counterparty level and through collateral arrangements.

Counterparty credit risk in derivative contracts affects the profit and loss through credit/debit valuation adjustments (CVA/DVA) reflecting the credit risk associated with derivative positions. These adjustments depend on market risk factors such as interest rate, foreign exchange rates and credit spreads. There is also a regulatory capital requirement for credit valuation adjustments under Basel III.

Credit exposure by industry

Total credit exposure comprises the group's credit portfolio (lending, contingent liabilities and counterparty risks arising from derivative, repo and collateral margin contracts) and debt instruments. Counterparty risks are reported based on exposure-at-default calculations. Exposures are presented before allowances. Debt instruments comprise all interest-bearing instruments at nominal amounts. Debt instruments in the Life and Investment Management divisions are excluded.

Group	Lending		Contingent liabilities		Derivatives, repos and collateral margins		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Banks	**25,218**	**23,813**	**27,628**	**22,762**	**49,582**	**38,474**	**102,428**	**85,049**
Finance and insurance	122,150	98,381	76,612	59,502	39,951	39,043	**238,712**	**196,925**
Wholesale and retail	81,025	72,671	54,982	70,331	1,876	2,335	**137,882**	**145,337**
Transportation	32,923	32,795	41,084	22,588	1,858	3,868	**75,865**	**59,251**
Shipping	49,722	47,208	11,826	9,925	1,324	2,247	**62,872**	**59,379**
Business and household services	160,882	138,906	163,545	112,480	4,820	5,414	**329,247**	**256,799**
Construction	12,366	11,894	24,307	22,669	517	551	**37,190**	**35,113**
Manufacturing	104,413	91,875	177,434	190,238	9,936	6,993	**291,783**	**289,106**
Agriculture, forestry and fishing	29,275	24,469	9,511	9,322	282	106	**39,067**	**33,896**
Mining, oil and gas extraction	14,784	23,627	31,675	24,359	3,119	1,458	**49,578**	**49,444**
Electricity, gas and water supply	64,594	54,909	62,727	56,297	33,449	17,737	**160,771**	**128,943**
Other	24,222	29,113	25,029	23,965	501	963	**49,752**	**54,041**
Corporates	**696,355**	**625,846**	**678,732**	**601,676**	**97,633**	**80,713**	**1,472,720**	**1,308,236**
Commercial real estate management	156,405	163,234	28,844	26,846	2,524	5,495	**187,774**	**195,575**
Residential real estate management	135,792	127,391	12,972	9,977	2,794	5,695	**151,557**	**143,063**
Real Estate Management	**292,197**	**290,625**	**41,816**	**36,824**	**5,318**	**11,190**	**339,330**	**338,638**
Housing co-operative associations	**68,419**	**62,490**	**5,903**	**3,380**	**0**	**1**	**74,323**	**65,870**
Public Administration	**15,053**	**15,939**	**24,744**	**24,141**	**43,663**	**41,864**	**83,460**	**81,943**
Household mortgage	618,756	576,383	51,499	52,575			**670,255**	**628,958**
Other	43,350	41,683	42,419	40,850	24	63	**85,794**	**82,596**
Households	**662,106**	**618,066**	**93,918**	**93,426**	**24**	**63**	**756,049**	**711,554**
Credit portfolio	**1,759,347**	**1,636,777**	**872,742**	**782,208**	**196,220**	**172,304**	**2,828,309**	**2,591,289**
Debt instruments							176,703	240,898
TOTAL							**3,005,012**	**2,832,187**

Credit portfolio by industry and geography

The total credit portfolio comprises the group's lending, contingent liabilities and counterparty risks arising from derivatives, repos and collateral margin contracts. Counterparty risks are reported based on exposure-at-default calculations. Exposures are presented before allowances.

Group, 2021	Sweden	Other Nordic countries	Baltic countries	Germany, UK	Other	Total
Banks	**75,747**	**12,511**	**878**	**3,652**	**9,641**	**102,428**
Finance and insurance	168,377	21,131	800	40,302	8,102	**238,712**
Wholesale and retail	48,839	38,271	24,287	19,729	6,756	**137,882**
Transportation	20,228	36,984	10,268	7,923	462	**75,865**
Shipping	11,306	25,242	887	17,284	8,154	**62,872**
Business and household services	185,546	52,988	7,934	76,149	6,630	**329,247**
Construction	20,183	4,177	4,160	5,494	3,176	**37,190**
Manufacturing	115,383	89,088	14,963	57,135	15,214	**291,783**
Agriculture, forestry and fishing	24,593	6,248	7,882	92	252	**39,067**
Mining, oil and gas extraction	7,459	40,681	337	822	280	**49,578**
Electricity, gas and water supply	51,218	63,420	12,984	32,895	253	**160,771**
Other	30,635	1,383	721	16,515	499	**49,752**
Corporates	**683,767**	**379,613**	**85,223**	**274,341**	**49,777**	**1,472,720**
Commercial real estate management	120,954	39,012	23,950	3,814	43	**187,774**
Residential real estate management	147,466	1,698		2,310	83	**151,557**
Real Estate Management	**268,419**	**40,710**	**23,950**	**6,124**	**127**	**339,330**
Housing co-operative associations	**74,170**	**152**				**74,323**
Public Administration	**68,506**	**4,581**	**5,400**	**2,017**	**2,955**	**83,460**
Household mortgage	594,206	786	69,682		5,580	**670,255**
Other	48,121	25,270	9,150		3,252	**85,794**
Households	**642,328**	**26,057**	**78,832**		**8,832**	**756,049**
TOTAL	**1,812,937**	**463,623**	**194,283**	**286,134**	**71,332**	**2,828,309**

Note 40 a continued   Credit risk

Group, 2020	Sweden	Other Nordic countries	Baltic countries	Germany, UK	Other	Total
Banks	**56,582**	**12,906**	**1,904**	**5,491**	**8,165**	**85,049**
Finance and insurance	143,207	18,064	685	27,398	7,571	**196,925**
Wholesale and retail	53,384	32,249	23,690	28,398	7,616	**145,337**
Transportation	20,134	18,539	10,524	9,642	411	**59,251**
Shipping	13,882	21,113	964	17,904	5,516	**59,379**
Business and household services	121,525	57,989	8,168	62,155	6,964	**256,799**
Construction	19,588	3,964	3,675	5,004	2,883	**35,113**
Manufacturing	107,312	94,036	13,936	57,423	16,399	**289,106**
Agriculture, forestry and fishing	21,766	3,795	7,807	92	436	**33,896**
Mining, oil and gas extraction	5,905	40,106	677	2,581	176	**49,444**
Electricity, gas and water supply	31,912	55,144	14,356	27,262	269	**128,943**
Other	34,308	1,013	717	17,204	799	**54,041**
Corporates	**572,922**	**346,012**	**85,199**	**255,063**	**49,041**	**1,308,236**
Commercial real estate management	123,052	38,595	24,055	8,841	1,032	**195,575**
Residential real estate management	138,168	2,092		2,742	61	**143,063**
Real Estate Management	**261,220**	**40,687**	**24,055**	**11,584**	**1,092**	**338,638**
Housing co-operative associations	**65,721**	**150**				**65,870**
Public Administration	**66,015**	**5,880**	**4,320**	**2,817**	**2,912**	**81,943**
Household mortgage	560,197	877	63,291		4,593	**628,958**
Other	46,431	24,617	8,762		2,786	**82,596**
Households	**606,628**	**25,494**	**72,054**		**7,378**	**711,554**
TOTAL	**1,629,087**	**431,129**	**187,532**	**274,954**	**68,588**	**2,591,289**

Credit portfolio by PD range

Group, 2021			Total, excluding households						Households	
Category	Probability of Default (PD) range	S&P/Moody's[1]	Banks	Corporates	Real estate management	Housing Co-ops	Public Admin.	Total	Households[2] PD range	
Investment grade	0 < 0.01%	AAA/Aaa	6.8%	0.7%	0.1%	0.0%	78.5%	**4.2%**		
	0.01 < 0.03%	AA/Aa	55.2%	10.4%	4.8%	0.1%	14.5%	**11.1%**	0 < 0.2%	**65.7%**
	0.03 < 0.12%	A/A	25.8%	31.6%	7.3%	9.7%	5.4%	**24.8%**	0.2 < 0.4%	**20.4%**
	0.12 < 0.46%	BBB/Baa	7.1%	37.3%	55.7%	84.5%	1.0%	**39.7%**	0.4 < 0.6%	**0.3%**
Standard monitoring	0.46 < 1.74%	BB/Ba	1.5%	14.8%	30.3%	5.6%	0.6%	**16.1%**	0.6 < 1%	**7.1%**
	1.74 < 7%	B/B	1.0%	3.8%	1.6%	0.1%	0.1%	**2.9%**	1 < 5%	**4.8%**
Watch list	7 < 9%	B/B	2.0%	0.2%	0.1%	0.0%	0.0%	**0.3%**	5 < 10%	**0.6%**
	9 < 22%	CCC/Caa	0.7%	0.5%	0.1%	0.0%	0.0%	**0.4%**	10 < 30%	**0.2%**
	22 < 100%	C/C	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	30 < 50%	**0.2%**
Default	100%	D	0.0%	0.7%	0.1%	0.0%	0.0%	**0.5%**	50 < 100%	**0.7%**
TOTAL			**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**TOTAL**	**100%**

Group, 2020										
Investment grade	0 < 0.01%	AAA/Aaa	3.9%	0.6%	0.1%	0.0%	78.9%	**4.1%**		
	0.01 < 0.03%	AA/Aa	44.3%	10.1%	6.0%	0.1%	13.3%	**10.5%**	0 < 0.2%	**64.0%**
	0.03 < 0.12%	A/A	32.9%	33.1%	8.8%	8.1%	6.9%	**26.6%**	0.2 < 0.4%	**21.2%**
	0.12 < 0.46%	BBB/Baa	8.3%	34.7%	53.8%	87.0%	0.4%	**37.5%**	0.4 < 0.6%	**0.3%**
Standard monitoring	0.46 < 1.74%	BB/Ba	5.7%	15.8%	29.5%	4.7%	0.5%	**16.8%**	0.6 < 1%	**7.3%**
	1.74 < 7%	B/B	2.0%	3.8%	1.5%	0.0%	0.1%	**3.0%**	1 < 5%	**5.3%**
Watch list	7 < 9%	B/B	1.5%	0.4%	0.1%	0.0%	0.0%	**0.4%**	5 < 10%	**0.8%**
	9 < 22%	CCC/Caa	1.6%	0.3%	0.1%	0.0%	0.0%	**0.3%**	10 < 30%	**0.6%**
	22 < 100%	C/C	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	30 < 50%	**0.3%**
Default	100%	D	0.0%	1.0%	0.1%	0.0%	0.0%	**0.7%**	50 < 100%	**0.3%**
TOTAL			**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**TOTAL**	**100%**

1) Estimated link between internal PDs and external ratings based on comparison of historical default outcomes.
2) Household exposure based on the internal ratings based (IRB) method reported as exposure in the event of a default (EAD – exposure at default).

Credit portfolio protected by guarantees, credit derivatives and collaterals[1]

	Group				Parent company			
2021	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
Banks	**102,428**	**1,934**	**11,242**	**5,256**	**100,587**	**1,934**	**11,240**	**5,255**
Corporates, Real estate management and Housing co-operative associations	1,886,373	25,252	476,725	35,451	1,739,226	24,559	426,295	34,839
Public Administration	83,460		1,437	0	75,363		505	
Households	756,049	23	605,884	11,568	629,915		537,098	11,401
TOTAL	**2,828,309**	**27,209**	**1,095,288**	**52,275**	**2,545,091**	**26,493**	**975,138**	**51,495**
2020								
Banks	**85,049**	**1,726**	**7,974**	**2,503**	**81,149**	**1,726**	**7,972**	**2,502**
Corporates, Real estate management and Housing co-operative associations	1,712,744	23,872	431,462	26,218	1,566,791	22,660	378,842	25,671
Public Administration	81,943		1,042	1	74,997		589	
Households	711,554	18	555,497	11,197	592,977		492,475	11,014
TOTAL	**2,591,289**	**25,616**	**995,974**	**39,919**	**2,315,914**	**24,386**	**879,879**	**39,187**

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented in the tables above.

Debt instruments

At year-end 2021, SEB's credit exposure in the bond portfolio amounted to SEK 177bn (241). The exposure comprises all interest-bearing instruments at nominal amounts including certain credit derivatives and futures.

Distribution by geography

	Central & local governments		Corporates		Covered bonds		Asset-backed securities		Financials		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Sweden	38.4%	26.7%	0.3%	0.4%	10.8%	20.7%			0.0%	0.1%	**49.6%**	**47.8%**
Germany	8.1%	10.2%	0.0%	0.0%	0.2%	0.1%			0.2%	0.0%	**8.4%**	**10.3%**
Luxembourg	3.4%	3.0%					4.8%	3.8%			**8.3%**	**6.8%**
Denmark	1.2%	3.0%	0.1%	0.0%	6.6%	6.8%			0.1%	0.0%	**7.9%**	**9.8%**
Norway	3.2%	2.5%	0.2%	0.4%	2.9%	3.5%			0.5%	1.2%	**6.8%**	**7.6%**
Finland	2.6%	1.7%	0.0%	0.0%	2.9%	6.8%			0.2%	0.1%	**5.7%**	**8.6%**
US	4.3%	3.8%		0.0%					0.1%		**4.4%**	**3.8%**
Baltics	2.4%	1.1%									**2.4%**	**1.1%**
Europe. other	1.9%	1.7%									**1.9%**	**1.7%**
Rest of world	3.9%	2.3%	0.0%	0.0%					0.7%	0.2%	**4.5%**	**2.4%**
TOTAL	**69.5%**	**55.9%**	**0.6%**	**0.8%**	**23.3%**	**37.9%**	**4.8%**	**3.8%**	**1.8%**	**1.6%**	**100.0%**	**100.0%**

Distribution by rating

	Central & local governments 2021	Central & local governments 2020	Corporates 2021	Corporates 2020	Covered bonds 2021	Covered bonds 2020	Asset-backed securities 2021	Asset-backed securities 2020	Financials 2021	Financials 2020	Total 2021	Total 2020
AAA	55.3%	43.8%	0.0%	0.0%	22.8%	37.8%	4.1%	3.1%	0.3%	0.0%	**82.5%**	**84.7%**
AA	7.6%	5.9%	0.0%	0.0%					0.6%	0.4%	**8.2%**	**6.3%**
A	2.4%	1.1%	0.0%	0.1%			0.8%	0.7%	0.1%	0.1%	**3.3%**	**2.0%**
BBB			0.2%	0.2%					0.2%	0.0%	**0.3%**	**0.2%**
BB/B		0.0%	0.0%	0.0%						0.0%	**0.0%**	**0.0%**
CCC/CC												
No issue rating[1]	4.1%	5.1%	0.4%	0.5%	0.4%	0.1%			0.6%	1.0%	**5.6%**	**6.8%**
TOTAL	**69.5%**	**55.9%**	**0.6%**	**0.8%**	**23.3%**	**37.9%**	**4.8%**	**3.8%**	**1.8%**	**1.6%**	**100.0%**	**100.0%**

1) Mainly German local governments (Bundesländer).

40b Market risk

Definition
Market risk is the risk of losses in balance sheet positions and obligations, arising from adverse movements in market prices. Market risk can arise from changes in interest rates, foreign exchange rates, credit spreads, CVA, commodity and equity prices, implied volatilities, inflation and market liquidity. A clear distinction is made between market risks related to trading activities, i.e. trading book risks, and structural market and net interest income risks, i.e. banking book risks. Whereas positions in the trading book are held with a trading intent and under a daily mark-to-market regime, positions in the banking book do not have a trading intent and are typically held at amortised cost.

Risk management
Market risk in the trading book arises from SEB's customer-driven trading activities. The trading activities are carried out by the Large Corporates & Financial Institutions division in its capacity as market maker in foreign exchange, equity and debt capital markets.

Market risk also arises in the form of interest rate risk in the banking book as a result of balance sheet mismatches in currencies, interest terms and interest rate periods. The treasury function has the overall responsibility for managing these risks, which are consolidated centrally. The treasury function also man ages a liquidity portfolio which is part of SEB's liquidity reserve. Market risk in the liquidity portfolio arises from credit spread risk and interest rate risk in pledgeable and highly liquid bonds. For capital adequacy purposes, the assets in this portfolio are, as at 1 January 2018, categorised as assets in the banking book. However, from a risk management perspective, they are monitored together with trading-related market risk.

Market risk also arises in the group's traditional life insurance operations and the defined benefit plans for employees due to mismatches between the market value of assets and liabilities. Market risk in the pension obligations and the life insurance business are not included in the market risk figures below.

→ Refer to note 40 e for information on market risk in the life insurance business.

The Board of Directors defines the level of accepted market risk by setting the overall market risk limits. Limits are established for the trading book, banking book and the defined benefit plans. The Group Risk Committee (GRC) delegates the market risk mandate to the divisions and the treasury function, which in turn further allocate the limits internally. The trading book risks are managed at the different trading locations within a comprehensive set of limits including VaR, stop- loss, different sensitivities and stress tests.

The risk organisation measures the market risk taken by the various units within the group on a daily basis. Moreover, the risk organisation independently verifies the valuation of positions held at fair value and calculates the capital buffer for prudent valuation. The risk control function is present in the trading rooms and monitors limit compliance and market prices at closing as well as valuation standards and the introduction of new products. Market risks are reported to the GRC and the Board's Risk and Capital Committee (RCC) at least on a monthly basis.

SEB is exposed to the following market risk types:

Risk type	Defined as the risk of loss or reduced income due to	Source
Interest rate risk	Changes in interest rates	Inherent in all banking business
Credit spread risk	A change in the creditworthiness of an issuer of, for instance, a bond or a credit derivative	Primarily present in the bank's bond holdings
Foreign exchange risk	Variations in the exchange rates	Foreign exchange trading and the bank's operations in various markets
Equity price risk	Variations in equity prices	Market making and customer activity in equities and equity derivatives
Commodity price risk	Variations in commodity prices	Customer-driven activities in commodities
Volatility risk	Changes in implied volatility	Market making and customer activity of options across all asset classes
Inflation risk	Change in inflation	Bond holdings, value of assets on balance sheet
Market liquidity risk	Bid-ask spread widenings	Sale of assets or closing of positions
Credit value adjustment[1]	Variations in the counterparty credit risk based on the expected future exposure	OTC derivative contracts

1) Credit value adjustment is fundamentally credit risk, but the exposure is calculated using market risk drivers (interest rate, currency, etc.).

Risk measurement
When assessing the market risk exposure, SEB uses measures that capture losses under both normal and stressed market conditions. Market risks under normal market circumstances are measured using Value at Risk (VaR) and Expected Shortfall (ES) as well as specific measures that are relevant for the various risk types. These measures are complemented by stress tests and scenario analyses, in which potential losses under extreme market conditions are estimated. Since no method can cover all risks at all times, several approaches are used where the results are assessed based on judgment and experience.

Value at Risk and Stressed Value at Risk
VaR expresses the maximum potential loss that could arise during a certain time period with a given degree of probability. SEB uses a historical simulation VaR model with a ten-day time horizon and 99 per cent confidence interval to measure, limit and report VaR. The model aggregates market risk exposure for all risk types and covers a wide range of risk factors in all asset classes. SEB also uses a stressed VaR measure, where VaR is calculated for the current portfolio using market data from a historic, turbulent time period covering the Lehman Brothers' default. The VaR model is validated using so-called back-testing analysis.

A limitation of SEB's VaR model is that it uses historical data to estimate potential market changes. As such, it may not predict all outcomes, especially in a rapidly changing market. In addition, VaR does not take into account any actions to reduce risk as the model assumes that the portfolio is unchanged.

SEB's VaR and stressed VaR models have been approved by the Swedish FSA for calculation of regulatory capital requirements for all the general market risks in the bank's trading book in the parent bank.

Value at Risk

	2021				
Trading Book (99%, ten days)	Min	Max	31 Dec 2021	Average 2021	Average 2020
Commodities risk	36	173	67	57	34
Credit spread risk	27	214	27	80	76
Equity price risk	7	87	12	25	23
Foreign exchange rate risk	4	150	11	20	45
Interest rate risk	45	281	121	102	196
Volatilities risk	7	28	15	14	26
Diversification	−338	−77	−146	−137	−191
TOTAL	**66**	**480**	**106**	**160**	**210**
Banking Book (99%, ten days)					
Credit spread risk	3	77	3	21	160
Equity price risk	31	82	39	45	96
Foreign exchange rate risk	0	45	1	8	1
Interest rate risk	72	246	139	116	259
Diversification	−113	1	−51	−46	−71
TOTAL	**85**	**316**	**131**	**144**	**444**

Expected Shortfall
Expected Shortfall (ES) is the expected loss given a pre-defined time horizon, conditional that the loss is greater than the VaR for a specific confidence level. Thus, while VaR only shows the loss at a specific confidence level, ES takes the whole loss distribution into account and calculates the expected loss of all of the worst outcomes. SEB currently uses ES to calculate economic capital for market risk in the trading book.

Scenario analyses and stress tests
Scenario analyses and stress tests are a key part of the risk management framework, complementing the VaR measure. In particular, they test portfolios using scenarios other than those available in the VaR simulation window and cover longer time horizons. SEB stresses its portfolios by applying extreme movements in market factors that have been observed in the past (historical scenarios) as well as extreme movements that could potentially happen in the future (hypothetical or forward-looking scenarios). Reverse stress tests are also applied on the total trading portfolio as well as for individual divisions and business units, to identify scenarios that would lead to a given significant loss, for instance, the breach of a stop-loss limit. This type of analysis provides management with a view on the potential impact that large market movements in individual risk factors, as well as broader market scenarios, could have on a portfolio. The risk tolerance framework includes limits on different stress test scenarios.

Specific risk measures
VaR and stress tests are complemented by specific risk measures including Delta 1% for interest risk, and Single and Aggregated FX for currency risk.
In addition, all units that manage risk for financial instruments valued at market are limited by a stop-loss limit. The stop-loss limit indicates the maximum loss a unit can incur before mitigating actions are taken.

CVA/DVA sensitivities

The credit and debit valuation adjustments (CVA/DVA) are sensitive to market movements, in particular to movements in interest rates, credit spreads and foreign exchange rates.
In order to monitor this sensitivity, SEB stresses these asset classes on a regular basis and calculates the impact on the valuation adjustments. This is done by comparing the original CVA/DVA numbers with the stressed CVA/DVA numbers where the current rates and credit spreads have been moved up 100 basis points and where SEK has appreciated 5 per cent to all other currencies compared with the current level.

2021	CVA	DVA	Total
Interest rates + 100bp	146	81	**228**
Credit spreads + 100bp	–964	752	**–212**
SEK + 5%	17	–9	**8**
2020			
Interest rates + 100bp	281	60	**341**
Credit spreads + 100bp	–1,088	551	**–536**
SEK + 5%	16	–7	**9**

Interest rate risk

Interest rate risk refers to the risk that the value of the group's assets, liabilities and interest-related derivatives will be negatively affected by changes in interest rates or other relevant risk factors.
The majority of the group's interest rate risks is structural and arise within the banking operations when there is a mismatch between the interest fixing periods of assets and liabilities, including derivatives.
The table below shows the sensitivity to a +100 basis point change in the interest rates on the banking and trading book by currency and in different buckets of maturity. This is calculated as the value change for a shift of 1 basis point and then scaled up to reflect a 100 basis point move.

Interest rate sensitivity in trading book per time buckets

2021	< 3 months	3–12 months	1–2 years	2–5 years	5–10 years	>10 years	Total
EUR	54	–174	247	–78	105	1	**154**
SEK	–32	399	–684	–260	99	–35	**–514**
USD	–71	–49	79	–28	0	11	**–58**
Other	–43	457	–794	234	–323	351	**–118**
TOTAL	**–93**	**633**	**–1 152**	**–131**	**–119**	**327**	**–535**
2020							
EUR	10	23	–294	1,252	–344	–414	**233**
SEK	20	154	–415	–154	–627	100	**–922**
USD	–48	–47	78	–60	–29	2	**–103**
Other	–41	25	121	–1,183	458	356	**–264**
TOTAL	**–59**	**155**	**–510**	**–144**	**–542**	**44**	**–1,056**

Interest rate sensitivity in banking book per time buckets[1)]

2021	< 3 months	3–12 months	1–2 years	2–5 years	5–10 years	>10 years	Total
EUR	–11	–297	–191	–107	–17	0	**–623**
SEK	–302	–357	–553	–188	–190	9	**–1,582**
USD	–26	360	–6	2	99	42	**471**
Other	–26	–169	–24	–28	–2	1	**–248**
TOTAL	**–366**	**–463**	**–775**	**–321**	**–110**	**52**	**–1,982**
2020							
EUR	–8	–331	–101	–125	2	–1	**–565**
SEK	–289	–649	–301	–209	–208	29	**–1,627**
USD	–33	283	32	8	77	74	**440**
Other	–10	–56	–13	–22	–2	0	**–103**
TOTAL	**–340**	**–753**	**–384**	**–348**	**–131**	**101**	**–1,855**

1) By currency SEK m/100 basis points.

40c Non-financial risk

Definition
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (e.g. breakdown of IT systems, mistakes, fraud, other deficiencies in internal control) or from external events (natural disasters, external crime, etc.). The definition includes conduct, compliance, legal and financial reporting, information-, cyber- and physical security, and venture execution risks, but excludes strategic and reputational risk.

Risk management
Non-financial risk – also referred to as operational risk – is inherent in all of the group's operations. The responsibility to manage non-financial risks rests with all managers throughout the group. Through an effective internal control environment and by ensuring structured and consistent usage of risk mitigating tools and processes, SEB aims at maintaining a sound risk culture with low non-financial risks and low loss levels.

All employees are required to escalate and register risk-related events or incidents so that risks can be properly identified, managed, monitored and reported. SEB uses a group-wide IT application to capture risk events, loss levels and other non-financial risk data for analysis and benchmarking against peers.

SEB regularly conducts training and education in key areas, including mandatory training for all staff in information security, fraud prevention, anti-money laundering, know-your-customer procedures, GDPR and SEB's Code of Conduct. In addition, SEB has a formal external whistle-blower procedure that encourages employees to report improprieties and unethical or illegal conduct.

All new or changed products, processes and/or systems as well as reorganisations are evaluated in a group-common New Product Approval process (NPA) with the aim of identifying potential non-financial risks, and to ensure that proactive measures are taken to protect SEB from entering into unintended risk-taking.

All business units with significant risks embedded in their operations shall regularly complete Risk and Control Self-Assessments (RCSA) according to a group-wide methodology. Such assessments are designed to identify and manage significant non-financial risks embedded in SEB's various business and support processes, from an end-to-end perspective. The business units' participation in the RCSAs is comprehensive throughout the organisation. The RCSA framework is used to analyse SEB's non-financial risk profile and to achieve non-financial excellence and high performance.

Global connectivity, increased usage of cloud services, third party vendors and outsourcing are megatrends in the banking industry that at the same time increase the risk of cybercrime. SEB proactively works with threat scenarios, threat intelligence and risk management to minimise this risk. To protect SEB's intellectual property, customer data and other sensitive information from unauthorized access by cyber criminals, activities to identify, protect against, detect, respond to, and recover from cybercrime are developed continuously. Security updates, system upgrades and security tests are performed on a regular basis.

Using zero-trust and least privilege access principles along with technical safeguards provide additional protection and the visibility needed to manage and monitor every device, user, applications and network. Just as important is to foster a sound risk culture and to raise security awareness, not only among the employees, but also among SEB's customers. This is done through trainings, information, and regular communication. In addition, SEB has adopted a cyber risk policy.

SEB has implemented a model risk framework to capture risks embedded in models and processes across the bank.

In order to ensure that the bank can continue to provide its services to society throughout periods of major disruption, SEB has a structured process for identifying critical activities, and for maintaining updated, annually tested and communicated business continuity plans throughout the group.

The risk organisation – second line of defense – is responsible for ensuring that SEB's non-financial risks are identified, managed, monitored, and reported and for making sure that these risks are addressed in accordance with external and internal regulations. Significant incidents and the group's overall non-financial risk exposure, both at group and at divisional or site level, are analysed and reported monthly to the Group Executive Committee (GEC), the Group Risk Committee (GRC) and the Board's Risk and Capital Committee (RCC), as well as to local/divisional management. In 2021, net losses from non-financial incidents amounted to SEK 219m (1,235).

Risk measurement
SEB uses the Advanced Measurement Approach (AMA) to calculate the regulatory capital requirement for operational risk.

40d Business risk

Definition
Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition. Business risk includes venture decision risk related to undertakings such as acquisitions, large IT projects, transformations, outsourcing, etc. Strategic risk is close in nature to business risk however with the focus on large- scale or structural risk factors. Reputational risk is the risk arising from negative perception of SEB, or the industry in general.

Risk management
Business, strategic -and reputational risks are inherent in doing business. The regulatory framework for banking and financial institutions is extensive and in constant development, hence significantly impacting the industry. At the same time, the digitalisation of the banking industry is accelerating and new types of competitors are emerging. In addition to this, corporate sustainability is becoming an even more important part of a company's reputation. SEB carries out different activities to mitigate, measure, and control these risks, e.g. though regularly performed strategic business reviews, conduction of proactive cost management, execution of an agile step-by-step IT development approach, establishment of an ambitious corporate sustainability agenda and continuous active dialogues regarding regulatory matters.

40e Insurance risk

Definition
Insurance risk in SEB consists of all risks related to the group's insurance operations. SEB's main life insurance operations consist of unit-linked insurance and traditional life insurance. The key risks include market risk and underwriting risk.

Market risk in the insurance business is the risk of losses on traditional life insurance policies with guaranteed benefits due to changes in fair value of assets and liabilities. Such changes in fair value can be caused by changes in for example interest rates, credit spreads, equity prices, exchange rates and implied volatilities.

Underwriting risk pertains to the risk of loss or of negative changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes factors such as average mortality, longevity, disability/morbidity (including risks that result from fluctuation in the timing and amount of claim settlements), catastrophe risk (e.g., extreme or irregular events), expense risk and lapse risk (i.e., policyholder behaviour risk).

Risk management and measurement
In unit-linked insurance, the market risk is borne by the policyholder, while the underwriting risk is limited. However, there is an indirect exposure to market risk through the policyholders' investments since a significant part of the future income stream of the life insurance business is based on assets under management. The profitability for existing and new business is closely monitored.

Market risk in the traditional life insurance products with guaranteed returns is mitigated through standard market risk hedging schemes and monitored through asset/liability management (ALM) risk measures and stress tests. This is supplemented by market risk tools such as VaR and scenario analysis. In the traditional products, the difference between asset values and the guaranteed obligations constitutes a buffer which is intended to cover SEB's market risk.

Underwriting risks are controlled through the use of actuarial analysis and stress tests of the existing insurance portfolio. Mortality and disability/morbidity risks are reinsured for large individual claims or for several claims attributable to the same event. Underwriting risk parameters are validated annually. Policyholders within certain traditional life insurance products are free to transfer their policies from SEB. The utilisation of this option has been very low historically. Nevertheless, to safeguard against unplanned cash outflows, sufficient liquid investments are maintained. Regular cash flow analysis is conducted to mitigate this risk.

The risk organisation is responsible for measuring and controlling the risks inherent in SEB's life insurance operations. Measurement and monitoring of ALM risk measures, VaR, scenario analysis and stress tests are performed on a regular basis for each insurance company. In addition, the risk organisation has the role of an independent risk management function in the respective insurance companies from a Solvency II perspective. Key risks are reported regularly to the Group Risk Committee, the Board's Risk and Capital Committee and to the boards of each insurance company.

Solvency II, effective as at 1 January 2016, is a harmonised regulatory framework with respect to governance, internal control and capital requirements across insurance companies in the EU. Solvency II calculations are performed at least monthly, and the required reporting is submitted to the financial supervisors on a quarterly basis. Calculations show that SEB's life companies are adequately capitalised and resilient to different stressed scenarios.

40f Liquidity risk

Definition
Liquidity risk is the risk that the group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the group is forced to borrow at unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

Liquidity management and risk measurement
The Board of Directors has established a comprehensive framework for managing the bank's liquidity requirements both in the short- and long-term. The aim of SEB's liquidity risk management is to ensure that the group has a controlled liquidity risk situation, with adequate volumes of liquid assets in all relevant currencies to timely meet its liquidity requirements in all foreseeable circumstances, without incurring substantial cost.

The liquidity risk is managed through the limits set by the Board and further allocated by the Group Risk Committee. Liquidity limits are set for the group, branches and specific legal entities, as well as for exposures in certain currencies. The treasury function has the overall responsibility for liquidity management and funding, supported by local treasury centers in the group's major markets. The risk function regularly measures and reports limit utilisation based on different market conditions and liquidity stress tests to the Group Risk Committee and the Board's Risk and Capital Committee. While liquidity management is an ongoing process, an internal evaluation of the liquidity need is performed annually to identify potential gaps relative to SEB's long-term liquidity targets and to ensure that liquidity management is sufficient.

Liquidity management and the structuring of the balance sheet from a liquidity point of view are built on three basic perspectives:
(i) the structural liquidity perspective, in which stable funding is put in relation to illiquid assets;
(ii) the bank's tolerance for short-term stress in the form of a shutdown of the wholesale and interbank funding markets (wholesale funding dependence); and,
(iii) the bank's tolerance to a severe stress scenario where, in addition to a shutdown of the funding market, the bank experiences a severe outflow of deposits.

Structural liquidity risk
In order to maintain a sound structural liquidity position, the structure of the liability side should be based on the composition of assets. The more long-term lending and other illiquid assets, the more stable funding is required. This risk is measured by the regulatory defined Net Stable Funding Ratio (NSFR). In this ratio, the amount of available stable funding is put in relation to the amount of required stable funding. In SEB, the same risk is measured as the Core Gap ratio, i.e. a ratio between stable funding (over 1 year maturity) and illiquid assets (over 1 year maturity). The difference between NSFR and the internal Core Gap ratio is that the Core Gap ratio is calculated on a more detailed level based on internal statistics, resulting in different weightings of available and required stable funding.

Wholesale funding dependence
One way of measuring tolerance for deteriorating market conditions is to assess the time that SEB's liquid assets would last if the wholesale and interbank funding markets were closed. This measure, the maturing funding ratio, captures the bank's liquid assets in relation to wholesale funding and net interbank borrowings that come to maturity over the coming months, or as the number of months it would take to deplete the liquid assets in a scenario where all maturing funding must be repaid from liquid assets. Wholesale funding dependence is also measured as the loan to deposit ratio, excluding repos.

Stressed survival horizon
Severe stress can be modelled by combining assumptions of a wholesale funding market shutdown with assumptions of deposit outflows and drawdowns on commitments, etc. The outcome is captured by the regulatory defined Liquidity Coverage Ratio (LCR) where, in a stressed scenario, modelled net outflows during a 30-day period are related to the amount of total liquid assets. As at 1 January 2018, the EU's definition of LCR is used. SEB also measures the time it would take for the liquid assets to be depleted in a severely stressed scenario, expressed as the stressed survival horizon (SSH). The same scenario is also used for monitoring of the outcome in the currency dimension, this in order to discover potential mismatches and dependencies towards the FX-swap market. In addition, SEB monitors various rating agencies' survival metrics.

Internal liquidity adequacy assessment process
Liquidity risk is not primarily mitigated by capital. However, there are strong links between a bank's capital and liquidity position. Hence, an internal liquidity adequacy assessment process (ILAAP) complements the Internal Capital Adequacy Assessment Process (ICAAP). The ILAAP is designed to identify potential gaps against SEB's long-term desired level of liquidity adequacy, taking into account that effective liquidity management is an ongoing improvement process.

Liquid assets[1)]

	2021					2020				
	SEK	EUR	USD	Other	Total	SEK	EUR	USD	Other	Total
Cash and balances with central banks	196,066	143,190	84,041	11,676	**434,973**	124,989	146,567	37,856	7,988	**317,399**
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	62,221	18,712	33,472	22,940	**137,345**	58,340	20,001	37,111	37,791	**153,242**
Securities issued by municipalities and PSEs	3,206	679	4,894	10,694	**19,473**	3,619	2,624	5,703	9,807	**21,753**
Extremely high quality covered bonds	25,375	46	277	35,174	**60,872**	49,042	268	256	38,371	**87,937**
Level 1 assets	**286,868**	**162,627**	**122,685**	**80,483**	**652,663**	**235,990**	**169,460**	**80,925**	**93,956**	**580,331**
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs		20	752	437	**1,209**			1,620	364	**1,984**
High quality covered bonds	2,106	595	140	8,179	**11,021**	16,091		1,713	9,736	**27,540**
Corporate debt securities (lowest rating AA–)			84		**85**		1		0	**1**
Level 2A assets	*2,106*	*616*	*976*	*8,617*	***12,315***	*16,091*	*1*	*3,333*	*10,100*	***29,525***
Asset-backed securities		6,341			**6,341**		6,801		24	**6,825**
High quality covered bonds				21	**21**					
Corporate debt securities (rated A+ to BBB–)		194	49		**243**	49	411	1	1	**462**
Level 2B assets		*6,535*	*49*	*21*	***6,605***	*49*	*7,211*	*1*	*26*	***7,287***
Level 2 assets	**2,106**	**7,151**	**1,025**	**8,637**	**18,919**	**16,140**	**7,213**	**3,334**	**10,126**	**36,812**
TOTAL LIQUID ASSETS	**288,974**	**169,777**	**123,710**	**89,121**	**671,582**	**252,129**	**176,672**	**84,259**	**104,082**	**617,143**

1) All definitions are in accordance with the Liquidity Coverage Ratio in the CRR.

Liquidity risk management measures

	2021	2020
Net Stable Funding ratio (NSFR)[1)]	111%	
Loan to deposit ratio	111%	122%
Liquidity Coverage Ratio	145%	163%

1) The NSFR is disclosed for the first time, hence no comparison figure is available for 2020.

Note 40 f continued   Liquidity risk

Contractual maturities

The following tables present cash flows by remaining contractual maturities at the balance sheet date and applies the earliest date on which the group can be required to pay regardless of probability assumptions. The cash flows are not discounted. Derivatives are reported at fair value. Obligations such as loan commitments are reported as when the obligation matures.

Group, 2021

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months[1]	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances at central banks	439,344						439,344		439,344
Loans to central banks	3,390	807	256	0			4,454		4,454
Loans to credit institutions	10,362	38,732	5,925	4,811	156		59,986	23	60,009
of which repos		*5,905*					*5,905*	*1*	*5,906*
General governments	53	9,048	4,219	7,597	4,588		25,506	−873	24,633
Households	8,251	13,301	30,499	56,104	667,814		775,969	−72,439	703,530
Corporates	65,275	280,879	210,066	505,562	89,780		1,151,562	−33,363	1,118,199
Loans to the public	73,579	303,229	244,784	569,263	762,182		1,953,037	−106,675	1,846,362
of which repos		*81,613*					*81,613*	*−339*	*81,274*
Debt securities		59,387	32,937	94,844	21,827		208,995	−3,045	205,950
of which eligible debt securities		*56,463*	*6,217*	*31,578*	*6,744*		*101,002*	*−1,030*	*99,972*
of which other debt securities		*2,552*	*26,451*	*63,258*	*15,083*		*107,344*	*−2,015*	*105,329*
Equity instruments						120,742	120,742		120,742
Derivatives						126,051	126,051		126,051
Financial assets for which the customers bear the investment risk						422,497	422,497		422,497
Financial assets at fair value		59,387	32,937	94,844	21,827	669,290	878,286	−3,045	875,241
Other assets		11,838	1,238	73	508	65,160	78,816	6	78,822
of which other financial assets		*11,790*	*1,225*	*7*	*500*	*1*	*13,522*	*6*	*13,528*
Total assets	526,675	413,994	285,140	668,991	784,673	734,450	3,413,921	−109,691	3,304,230
of which accrued interest loans						*1,735*	*1,735*		*1,735*
of which accrued interest debt securities						*649*	*649*		*649*
Deposits from central banks and credit institutions	47,243	21,014	4,871	698	1,399		75,225	−19	75,206
of which repos		*1,824*					*1,824*		*1,824*
General governments	14,949	2,954	923	119	1,333		20,278	−1	20,277
Households	413,262	19,884	5,412	643	80		439,283	−2	439,281
Corporates	1,010,436	117,908	6,601	2,801	151		1,137,897	−6	1,137,891
Deposits and borrowings from the public	1,438,647	140,746	12,937	3,563	1,564		1,597,457	−9	1,597,448
of which deposits	*1,308,477*	*118,851*	*10,433*	*2,582*	*1,398*		*1,441,741*	*−7*	*1,441,734*
of which borrowing		*8,007*	*4*	*58*	*10*		*8,079*		*8,079*
of which repos		*7,713*					*7,713*		*7,713*
Financial liabilities for which the customers bear the investment risk						424,226	424,226		424,226
Liabilities to policyholders		690	1,908	8,143	23,852	30	34,623		34,623
Certificates		113,122	175,639	0			288,761	−900	287,861
Covered bonds		1,158	68,890	207,396	17,887		295,331	−3,853	291,478
Other bonds		17,868	24,525	78,657	32,158		153,208	−2,441	150,767
Debt securities issued		132,148	269,054	286,053	50,045		737,300	−7,194	730,106
Debt securities		21	409	10,022	11,601		22,053	−1,889	20,164
Equity instruments						14,405	14,405		14,405
Derivatives						118,173	118,173		118,173
Other liabilities		172	5,144	405		702	6,423	−1	6,422
Financial liabilities at fair value		193	5,553	10,427	11,601	133,280	161,055	−1,890	159,165
Other liabilities		6,664	2,439	2,726	3,318	46,541	61,689	−10	61,679
of which other financial liabilities		*6,102*	*1,558*	*291*	*1,025*	*56*	*9,032*	*−10*	*9,022*
of which lease liabilities		*331*	*664*	*2,237*	*1,991*		*5,223*	*304*	*5,527*
Subordinated liabilities			5,639	24,014	1,112		30,765	−2,216	28,549
Equity						193,228	193,228		193,228
Total Liabilities and Equity	1,485,890	301,455	302,401	335,625	92,891	797,306	3,315,568	−11,338	3,304,230
of which accrued interest deposits and borrowing						*476*	*476*		*476*
of which accrued interest issued securities						*1,075*	*1,075*		*1,075*

Off balance sheet items

	Payable on demand	< 3 months	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Loan commitments	799	287,857	130,408	348,422	46,450		813,936		813,936
Acceptances and other financial facilities		127,401	11,099	7,693	14,101		160,294		160,294
Total liabilities, equity and off balance sheet items	1,486,689	716,713	443,908	691,740	153,442	797,306	4,289,798	−11,338	4,278,460

1) Includes items available overnight.

Note 40 f continued *Liquidity risk*

Group, 2020

Balance sheet (contractual maturity dates)	Payable on demand	<3 months[1]	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances at central banks	323,776						323,776		323,776
Loans to central banks	74	3,453	107	0			3,633		3,633
Loans to credit institutions	9,789	31,133	5,290	4,445	133		50,789	2	50,791
of which repos		*10,253*					*10,253*		*10,253*
General governments	704	8,310	1,864	7,336	6,101		24,315	−1,081	23,234
Households	8,036	13,174	30,198	50,399	628,770		730,577	−74,400	656,177
Corporates	49,627	300,078	212,874	473,173	90,381		1,126,133	−35,383	1,090,750
Loans to the public	58,367	321,562	244,936	530,908	725,252		1,881,025	−110,864	1,770,161
of which repos		*112,425*					*112,425*	*−515*	*111,910*
Debt securities		42,852	52,483	151,340	25,095		271,770	−6,337	265,433
of which eligible debt securities		*37,505*	*22,323*	*33,622*	*6,139*		*99,589*	*−1,613*	*97,976*
of which other debt securities		*4,949*	*29,622*	*117,713*	*18,955*		*171,239*	*−4,724*	*166,515*
Equity instruments						82,240	82,240		82,240
Derivatives						164,909	164,909		164,909
Financial assets for which the customers bear the investment risk						330,950	330,950		330,950
Financial assets at fair value		42,852	52,483	151,340	25,095	578,098	849,868	−6,337	843,531
Other assets		10,718	398	84	581	36,758	48,539		48,539
of which other financial assets		*10,613*	*1*	*6*	*569*	*628*	*11,817*		*11,817*
Total assets	392,005	409,718	303,214	686,776	751,061	614,856	3,157,631	−117,199	3,040,432
of which accrued interest loans						*1,654*	*1,654*		*1,654*
of which accrued interest debt securities						*943*	*943*		*943*
Deposits from central banks and credit institutions	33,233	35,506	5,003	36,611	1,334		111,687	−378	111,309
of which repos		*1,604*					*1,604*	*−1*	*1,603*
General governments	14,190	1,281	23	112	1,380		16,986	−9	16,977
Households	355,391	20,521	5,878	903	169		382,864	−12	382,852
Corporates	866,250	96,530	1,831	5,993	836		971,440	−42	971,398
Deposits and borrowings from the public	1,235,831	118,333	7,732	7,008	2,385		1,371,290	−63	1,371,227
of which deposits	*1,125,323*	*94,514*	*4,574*	*4,527*	*1,459*		*1,230,397*	*−44*	*1,230,353*
of which borrowing		*7,598*	*2*	*58*	*34*		*7,692*	*−2*	*7,690*
of which repos		*7,274*					*7,274*	*−2*	*7,272*
Financial liabilities for which the customers bear the investment risk						332,392	332,392		332,392
Liabilities to policyholders		537	1,553	6,380	21,118	36	29,624		29,624
Certificates		88,024	155,952	1,645			245,621	−1,493	244,128
Covered bonds		16,258	64,258	228,694	33,209		342,419	−8,663	333,756
Other bonds		24,345	35,244	93,473	22,848		175,910	−4,292	171,618
Debt securities issued		128,627	255,454	323,812	56,057		763,950	−14,448	749,502
Debt securities			778	14,722	6,105		21,605	−2,069	19,536
Equity instruments						10,873	10,873		10,873
Derivatives						161,561	161,561		161,561
Other liabilities		242	491	11			744		744
Financial liabilities at fair value		242	1,269	14,733	6,105	172,434	194,783	−2,069	192,714
Other liabilities		13,079	2,036	2,976	3,374	28,001	49,466	−33	49,433
of which other financial liabilities		*10,959*	*273*	*258*	*921*	*40*	*12,451*	*−33*	*12,418*
of which lease liabilities		*324*	*639*	*2,215*	*2,122*		*5,300*	*339*	*5,639*
Subordinated liabilities			10,645	23,319	559		34,523	−2,236	32,287
Equity						171,943	171,943		171,943
Total Liabilities and Equity	1,269,064	296,324	283,693	414,839	90,932	704,807	3,059,659	−19,227	3,040,432
of which accrued interest deposits and borrowing						*435*	*435*		*435*
of which accrued interest issued securities						*1,961*	*1,961*		*1,961*

Off balance sheet items

	Payable on demand	<3 months[1]	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Loan commitments	534	296,675	86,800	305,360	35,564		724,933		724,933
Acceptances and other financial facilities		117,577	6,657	4,778	8,328		137,340		137,340
Total liabilities, equity and off balance sheet items	1,269,598	710,576	377,150	724,977	134,824	704,807	3,921,932	−19,227	3,902,705

1) Includes items available overnight.

Note 40 f continued *Liquidity risk*

Parent company, 2021

Balance sheet (contractual maturity dates)	Payable on demand	<3 months[1]	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances at central banks	**371,466**						**371,466**		**371,466**
Loans to credit institutions	**31,138**	**33,218**	**5,269**	**4,683**	**0**		**74,309**	**25**	**74,334**
of which repos		*1,368*					*1,368*		***1,368***
General governments	33	8,452	3,198	2,771	41		14,496	−177	**14,319**
Households	7,876	8,303	23,058	31,191	604,773		675,201	−60,464	**614,737**
Corporates	62,405	268,455	191,304	448,856	67,787		1,038,806	−26,531	**1,012,275**
Loans to the public	**70,314**	**285,210**	**217,560**	**482,818**	**672,602**		**1,728,504**	**−87,172**	**1,641,332**
of which repos		*81,588*					*81,588*	*−314*	***81,274***
Debt securities		55,821	29,173	74,865	21,432		181,291	−2,850	**178,441**
of which eligible debt securities		*53,668*	*3,509*	*12,948*	*6,444*		*76,570*	*−714*	***75,856***
of which other debt securities		*2,153*	*25,664*	*61,917*	*14,988*		*104,721*	*−2,136*	***102,585***
Equity instruments						147,380	147,380		**147,380**
Derivatives						121,326	121,326		**121,326**
Financial assets at fair value		**55,821**	**29,173**	**74,865**	**21,432**	**268,705**	**449,996**	**−2,850**	**447,146**
Other assets		**13,585**	**6,002**	**13,112**	**5,159**	**15,693**	**53,552**	**4**	**53,556**
of which other financial assets		*11,507*	*1,224*	*0*	*3*		*12,735*	*4*	*12,739*
Total assets	**472,918**	**387,834**	**258,004**	**575,479**	**699,193**	**284,398**	**2,677,827**	**−89,993**	**2,587,834**
of which accrued interest loans						*1,412*	*1,412*		
of which accrued interest debt securities						*583*	*583*		
Deposits by credit institutions	**57,613**	**19,864**	**4,751**	**1,822**	**1,219**		**85,269**	**7**	**85,276**
of which repos		*778*					*778*		***778***
General governments	3,986	4,723	922	62	1,307		11,000	−3	**10,997**
Households	314,740	7,757	2,420	445	66		325,427	−2	**325,425**
Corporates	947,014	112,945	6,170	1,951	0		1,068,080	−12	**1,068,068**
Deposits and borrowings from the public	**1,265,740**	**125,425**	**9,512**	**2,457**	**1,373**		**1,404,507**	**−17**	**1,404,490**
of which deposits	*1,265,740*	*117,407*	*9,510*	*2,455*	*1,370*		*1,396,482*	*1*	***1,396,483***
of which borrowing		*8,007*					*8,007*		***8,007***
of which repos		*7,713*					*7,713*		***7,713***
Certificates		113,121	175,639	0			288,761	−900	**287,861**
Covered bonds		1,158	68,890	207,396	17,888		295,331	−3,853	**291,478**
Other bonds		17,868	24,449	78,656	32,157		153,131	−2,441	**150,690**
Issued securities		**132,148**	**268,977**	**286,052**	**50,045**		**737,222**	**−7,194**	**730,028**
Debt securities		19	404	9,688	10,592		20,703	−539	**20,164**
Equity instruments						14,405	14,405		**14,405**
Derivatives						113,497	113,497		**113,497**
Other liabilities						6,422	6,422		**6,422**
Financial liabilities at fair value		**19**	**404**	**9,688**	**10,592**	**134,324**	**155,027**	**−539**	**154,488**
Other liabilities		**5,283**	**1,450**	**148**	**90**	**24,020**	**30,991**	**−2**	**30,989**
of which other financial liabilities		*5,138*	*1,302*	*2*	*0*		*6,442*	*−2*	***6,440***
Subordinated liabilities			**5,645**	**24,087**			**29,733**	**−2,084**	**27,649**
Untaxed reserves						**17,137**	**17,137**		**17,137**
Equity						**137,776**	**137,776**		**137,776**
Total Liabilities and Equity		**282,739**	**290,740**	**324,255**	**63,319**	**296,121**	**2,597,663**	**−9,829**	**2,587,834**
of which accrued interest deposits and borrowing						*446*	*446*		***446***
of which accrued interest issued securities						*1,035*	*1,035*		***1,035***

Off balance sheet items

Loan commitments		74,322	112,098	332,998	8,728		528,146		**528,146**
Acceptances and other financial facilities		24,053	42,426	38,580	54,386		159,445		**159,445**
Operating lease commitments		239	540	1,934	2,199		4,913	−214	**4,699**
Total liabilities, equity and off balance sheet items		**381,354**	**445,804**	**697,767**	**128,631**	**296,121**	**3,290,166**	**−10,043**	**3,280,123**

1) Includes items available overnight.

Parent company, 2020

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months[1]	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances at central banks	**294,391**						**294,391**		**294,391**
Loans to credit institutions	**9,571**	**35,048**	**7,319**	**19,074**	**0**		**71,013**	**14**	**71,027**
of which repos		*8,087*					*8,087*		***8,087***
General governments	475	7,961	183	3,049	1,423		13,091	−315	**12,776**
Households	8,036	8,191	23,106	27,090	570,353		636,775	−62,706	**574,069**
Corporates	45,266	290,189	194,435	408,577	72,324		1,010,791	−28,326	**982,465**
Loans to the public	**53,776**	**306,340**	**217,724**	**438,715**	**644,101**		**1,660,657**	**−91,347**	**1,569,310**
of which repos		*112,391*					*112,391*	*−481*	***111,910***
Debt securities		41,098	46,538	133,064	25,479		246,178	−6,250	**239,928**
of which eligible debt securities		*36,607*	*17,664*	*15,888*	*7,053*		*77,212*	*−1,249*	***75,963***
of which other debt securities		*4,491*	*28,874*	*117,176*	*18,426*		*168,966*	*−5,001*	***163,965***
Equity instruments						111,110	111,110		**111,110**
Derivatives						159,380	159,380		**159,380**
Financial assets at fair value		**41,098**	**46,538**	**133,064**	**25,479**	**270,490**	**516,669**	**−6,250**	**510,419**
Other assets		**12,867**	**4,691**	**14,606**	**5,554**	**14,244**	**51,962**	**1**	**51,963**
of which other financial assets		*10,451*	*0*		*163*	*0*	*10,614*	*1*	*10,615*
Total assets	**357,738**	**395,353**	**276,273**	**605,459**	**675,134**	**284,735**	**2,594,692**	**−97,582**	**2,497,110**
of which accrued interest loans						*1,354*	*1,354*		
of which accrued interest debt securities						*866*	*866*		
Deposits by credit institutions	**33,497**	**68,632**	**7,430**	**37,536**	**1,159**		**148,254**	**−423**	**147,831**
of which repos		*659*					*659*	*−1*	***658***
General governments	5,396	1,224	15	60	1,352		8,049	−34	**8,015**
Households	273,859	9,058	2,654	457	115		286,143	−22	**286,121**
Corporates	810,811	89,223	1,305	3,466			904,805	−108	**904,697**
Deposits and borrowings from the public	**1,090,066**	**99,506**	**3,975**	**3,983**	**1,467**		**1,198,997**	**−164**	**1,198,833**
of which deposits	*1,090,066*	*91,842*	*3,967*	*3,956*	*1,439*		*1,191,270*	*−33*	***1,191,237***
of which borrowing		*7,597*					*7,597*	*−1*	***7,596***
of which repos		*7,273*					*7,273*	*−1*	***7,272***
Certificates		88,013	155,952	1,645			245,610	−1,493	**244,117**
Covered bonds		16,258	64,259	228,694	33,209		342,419	−8,663	**333,756**
Other bonds		24,344	35,244	93,395	22,848		175,832	−4,290	**171,542**
Issued securities		**128,615**	**255,455**	**323,734**	**56,057**		**763,861**	**−14,446**	**749,415**
Debt securities		0	767	14,074	5,434		20,274	−738	**19,536**
Equity instruments						10,873	10,873		**10,873**
Derivatives						157,529	157,529		**157,529**
Other liabilities		242	491	11			744		**744**
Financial liabilities at fair value		**242**	**1,258**	**14,084**	**5,434**	**168,402**	**189,420**	**−738**	**188,682**
Other liabilities		**11,794**	**61**	**270**	**103**	**15,790**	**28,018**	**−2**	**28,016**
of which other financial liabilities		*11,527*	*6*	*45*	*13*	*0*	*11,591*	*−2*	***11,589***
Subordinated liabilities			**10,648**	**23,341**			**33,989**	**−2,152**	**31,837**
Untaxed reserves						**18,628**	**18,628**		**18,628**
Equity						**133,868**	**133,868**		**133,868**
Total Liabilities and Equity		**308,789**	**278,827**	**402,948**	**64,219**	**318,060**	**2,515,035**	**−17,925**	**2,497,110**
of which accrued interest deposits and borrowing						*471*	*471*		***471***
of which accrued interest issued securities						*1,886*	*1,886*		***1,886***

Off balance sheet items

Loan commitments		163,667	74,487	195,850	32,478		466,481		**466,481**
Acceptances and other financial facilities		22,953	40,084	39,286	39,446		141,769		**141,769**
Operating lease commitments		225	507	1,931	2,371		5,034	−253	**4,781**
Total liabilities, equity and off balance sheet items		**495,634**	**393,904**	**640,015**	**138,514**	**318,060**	**3,128,319**	**−18,178**	**3,110,141**

1) Includes items available overnight.

Average remaining maturity (years)	Group		Parent company	
	2021	**2020**	**2021**	**2020**
Loans to credit institutions	0.41	0.43	0.29	0.93
Loans to the public	4.69	4.60	4.65	4.58
Deposits from credit institutions	0.29	1.16	0.27	0.92
Deposits from the public	0.03	0.03	0.03	0.03
Borrowing from the public	0.16	0.19	0.13	0.13
Certificates	0.43	0.46	0.43	0.46
Covered bonds	2.84	3.06	2.84	3.06
Other bonds	3.71	2.98	3.71	2.98

40g IBOR Reform (Interest Rate Benchmark Reform)

Overview
Interbank Offered Rates (IBORs) are widely used benchmarks interest rates. They are referenced in financial products such as derivatives, bonds, loans, structured products, and mortgages and form the basis on which interests payments under those products are calculated. Following the financial crisis, and a slowdown in the interbank market together with a decline in the IBORs relevancy and credibility, global regulators called for reform of IBORs. The exact timing of the transition will vary by currency and product.

All LIBORs, except for certain USD LIBOR settings, will cease to exist by the end of 2021 and will be replaced by alternative reference rates. USD LIBOR 1m, 3m and 6m will cease to exist after 30 June 2023. Nordic IBORs such as STIBOR, CIBOR and NIBOR as well as EURIBOR are expected to continue to exist.

The adoption rate of alternative reference rates has improved considerably in 2021, notably in Sterling Overnight Index (SONIA) replacing GBP LIBOR and Secured Overnight Finance Rate (SOFR) replacing USD LIBOR. There are key differences between IBORs and their preferred alternative reference rates (ARR), IBORs are term rate benchmarks across multiple tenors and they are forward-looking as they are published in the beginning of the interest period. ARRs, e.g. SOFR and SONIA are transaction based backward-looking overnight rates published at the end of the interest period, with no term element. Furthermore, IBORs include a credit spread over the risk-free rate, which SOFR and SONIA do not. In order to migrate existing contracts and agreements that reference USD LIBOR to SOFR and GBP LIBOR to SONIA, adjustments for term differences and credit differences might need to be applied to SOFR and SONIA, to enable the benchmark rates to be economically equivalent on transition.

SEB Group's IBOR transition
The group-wide IBOR transition programme is governed by a steering committee and a working group, across SEB's divisions that coordinates the implementation of needed changes to systems, processes, risk- and valuation models, as well as manages related tax and accounting implications.

The group continuously monitors and participates in market discussions to further prepare for and deliver on a smooth transition in line with the market development and authorities guidance. As from April 2021, SEB does no longer enter into deals certain LIBORs in accordance with the market milestones.

To assist in an orderly transition to alternative benchmarks, active customer engagement and communication has been the strategy.

SEB has adhered to the ISDA IBOR 2020 Fallbacks Protocol. Furthermore, the group has engaged with customers to amend collateral rates in Credit Support Annexes.

Exposure overview
The table below summarises the significant LIBOR exposures in scope for benchmark rate migration as per 31 December 2021. There are no remaining EUR Eonia balances.

Product/currency	GBP LIBOR	CHF LIBOR	JPY LIBOR	USD LIBOR
Derivatives	26,626	214	895	1,689,363
Non-derivative assets (lending, mortgages, stocks etc.)	21,880	238		106,530
Non-derivative liabilities	240			
NOTIONAL EXPOSURE AMOUNT PER CURRENCY				

Out of the volumes in the table above, significant portions have been contractually renegotiated during 2021 and are set for transition at the first interest rate fixing in 2022. All of JPY has been transitioned and the majority of GBP and CHF. The group's objective is to, by mid-2022 have finalised the transition of remaining exposures to ceased benchmarks. The group also aims to have agreed the transition of remaining legacy USD exposures prior to the cessation of USD LIBOR, June 2023.

Interest Rate Benchmark Reform (IBOR) – Phase 2
Interest Rate Benchmark Reform (IBOR) – Phase 2 is applicable for 2021. The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting as a result of the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. In accordance with the amendments, changes made to a financial instrument that relate directly to the interest rate benchmark reform and that are economically equivalent, do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark without adjusting the carrying amount. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

→ For more information about Interest Rate Benchmark Reform (IBOR) – Phase 1, se note 21.

41 Capital adequacy

Capital management
SEB takes various types of risks in line with the bank's strategy and business plan. In order to manage these risks and to guarantee SEB's long-term survival, the bank must maintain satisfactory capital strength. At the same time, SEB must balance the trade-off between financial reward and overall risk tolerance. In particular, SEB's capital management balances the following dimensions:

1. regulatory: the capital requirements established by the EU regulation and directives through Swedish law on capital adequacy, and by the bank's supervisory authorities,
2. access to debt investors: the capitalisation level required to support a certain rating level in order to reach a debt investor base necessary for conducting SEB's business activities,
3. access to financial products: the capital level required by corporate clients and other counterparties to facilitate the bank's activity in the capital markets, including derivatives and foreign exchange, and
4. optimal return on equity: the balance between the shareholders' expected return on capital and risks taken.

To meet the expectations of the shareholders, supervisors and market participants, SEB's capitalisation is based on an assessment of all risks incurred in SEB's business, and forward-looking, aligned with long- and short-term business plans and with expected macroeconomic developments. Furthermore, the capitalisation is stress-tested to identify the potential effect of adverse changes to SEB's financial situation.

Internal capital adequacy assessment process
The internal capital adequacy assessment process (ICAAP) encompasses SEB's internal views on material risks and their development as well as risk measurement models, risk governance and risk mitigants. It is linked to overall business planning and establishes a strategy for maintaining appropriate capital levels. Together with continuous monitoring and reporting of the capital adequacy to the Board, this ensures that the relationship between shareholders' equity, economic capital, regulatory and rating-based requirements are managed so that the bank's survival is not jeopardised. Thus, the ICAAP is integrated with SEB's business planning, internal governance framework and internal control systems.

SEB's capital plan covers the strategic planning horizon and projects economic and legal capital requirements, as well as available capital resources and relevant ratios. It is forward-looking, taking into account current and planned business volumes as well as strategic initiatives. The capital plan is stress tested to potential down-turns in the macroeconomic environment, to strategic risk factors identified in the business planning, and to other relevant scenarios. The capital plan is established annually and updated as needs arise during the year.

Economic capital constitutes an important part of capital adequacy assessment. It is an internal measurement of risk, similar to the rules for capital adequacy in that many of the underlying risk components are the same. The economic capital calculation is based on a confidence level of 99.97 per cent, which is equivalent to the capital requirement for a very high rating. The economic capital, or internally assessed capital requirement for SEB including insurance risk, amounted to SEK 102bn (84).

SEB employs an internal capital allocation framework for measuring return on risk, named business equity. It is similar to regulatory capital models including Pillar 2 requirements and is calibrated with SEB's capital targets.

The regulatory supervisors annually assess SEB and its ICAAP in accordance with the parameters of the Supervisory Review and Evaluation Process (SREP). The assessment covers SEB's capital adequacy, risk measurement models and risk governance, among other things, and in the SREP 2020 it was concluded that SEB is sufficiently capitalised and adequately measures and manages risks.

Regulatory capital requirements
On 29 December 2020, new capital requirements started to apply for Swedish banks, as the EU Banking package was transposed into Swedish law. Capital requirements are built up of four main parts:

i) a Pillar 1 minimum requirements of 8 per cent,
ii) a Pillar 2 requirements (P2R),
iii) a combined buffer requirement, and
iv) a Pillar 2 guidance (P2G).

As at year-end 2021, SEB's applicable CET1 capital requirement was approximately 13.8 per cent (12.6), whereof the Pillar 2 requirement was 3.3 (2.3) per cent. During 2021, the remaining parts of the Banking package has been implemented. As part of the 2021 Supervisory Review and Evaluation Process (SREP) the Swedish FSA introduced a Pillar 2 Guidance (P2G) of 1.5 per cent for the group.

SEB Consolidated situation – Prudential requirements (explicit or implicit) Dec 2021

	CET1	AT1	Tier 2	Total
Pillar 1	4.5%	1.5%	2.0%	**8.0%**
Pillar 2 requirement				
Corporate exposures – Commercial real estate RW-floor	0.6%	0.0%	0.2%	**0.8%**
Credit concentration risk	0.3%	0.1%	0.1%	**0.5%**
Interest rate risk in the banking book	0.3%	0.1%	0.1%	**0.6%**
Total Pillar 2 requirement	1.2%	0.2%	0.4%	1.8%
Total SREP capital requirement (TSCR)	5.7%	1.7%	2.4%	9.8%
Institution specific buffer requirement				
Capital conservation buffer	2.5%			**2.5%**
Systemic risk buffer	3.0%			**3.0%**
Other Systemically Important Institution buffer (O-SII)	1.0%			**1.0%**
Countercyclical capital buffer	0.1%			**0.1%**
Combined buffer requirement (CBR)	6.6%			6.6%
Overall capital requirement (TSCR+CBR)	12.3%	1.7%	2.4%	16.4%
Pillar 2 Guidance (P2G)	1.5%			1.5%
Overall capital requirement and P2G	13.8%	1.7%	2.4%	17.9%

Note 41 continued Capital adequacy

Capital adequacy analysis

	Consolidated situation		Parent company	
	2021	2020	**2021**	2020
Own funds				
Common Equity Tier 1 capital	154,821	152,124	131,207	134,055
Tier 1 capital	168,375	164,403	144,761	146,334
Total own funds	181,737	181,835	157,935	163,646
Own funds requirement				
Risk exposure amount	787,490	725,560	712,916	659,989
Expressed as own funds requirement	62,999	58,045	57,033	52,799
Common Equity Tier 1 capital ratio	19.7%	21.0%	18.4%	20.3%
Tier 1 capital ratio	21.4%	22.7%	20.3%	22.2%
Total capital ratio	23.1%	25.1%	22.2%	24.8%
Own funds in relation to own funds requirement	2.88	3.13	2.77	3.10
Regulatory Common Equity Tier 1 capital requirement including buffer	11.1%	11.1%	7.1%	7.1%
of which capital conservation buffer requirement	*2.5%*	*2.5%*	*2.5%*	*2.5%*
of which systemic risk buffer requirement	*3.0%*	*3.0%*		
of which other systemically important institution buffer requirement (O-SII)	*1.0%*	*1.0%*		
of which countercyclical capital buffer requirement	*0.1%*	*0.1%*	*0.1%*	*0.1%*
Common Equity Tier 1 capital available to meet buffer[1)]	13.2%	14.8%	12.3%	14.3
Leverage ratio				
Exposure measure for leverage ratio calculation	3,352,452	3,226,866	3,065,713	3,025,643
of which on balance sheet items	*2,981,244*	*2,678,521*	*2,709,501*	*2,487,526*
of which off balance sheet items	*371,209*	*548,345*	*356,212*	*538,118*
Leverage ratio	5.0%	5.1%	4.7%	4.8%

1) Year-end 2020 recalculated as if Pillar 2 requirements were formally decided.

Own funds

	Consolidated situation		Parent company	
	2021	2020	**2021**	2020
Total equity according to balance sheet[1)]	**193,228**	**171,943**	**151,353**	**148,628**
Accrued dividend	−12,938	−8,864	−12,938	−8,864
Deconsolidation of insurance companies and other foreseeable charges[2)]	1,397	−988	1,397	21
Common Equity Tier 1 capital before regulatory adjustments	**181,687**	**162,091**	**139,812**	**139,786**
Additional value adjustments	−1,133	−894	−1,113	−874
Goodwill	−4,261	−4,378	−3,358	−3,358
Intangible assets	−1,327	−1,557	−1,196	−1,217
Deferred tax assets that rely on future profitability	−7	−11		
Fair value reserves related to gains or losses on cash flow hedges	18	47	18	47
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	−194	3	−205	−159
Defined-benefit pension fund assets	−17,211	−3,008		
Direct and indirect holdings of own CET1 instruments	−2,752	−169	−2,752	−169
Total regulatory adjustments to Common Equity Tier 1	**−26,866**	**−9,967**	**−8,606**	**−5,731**
Common Equity Tier 1 capital	**154,821**	**152,124**	**131,207**	**134,055**
Additional Tier I instruments	13,555	12,279	13,555	12,279
Tier 1 capital	**168,375**	**164,403**	**144,761**	**146,334**
Tier 2 instruments[3)]	13,826	18,606	13,826	18,606
Net provisioning amount for IRB-reported exposures	736	476	548	355
Holdings of Tier 2 instruments in financial sector entities	−1,200	−1,650	−1,200	−1,650
Tier 2 capital	**13,362**	**17,432**	**13,174**	**17,311**
TOTAL	**181,737**	**181,835**	**157,935**	**163,646**

1) For the parent company, Total equity includes Untaxed reserves net of tax.
2) Starting from the second quarter 2021 and forward this item is solely attributable to reversal of direct and indirect holdings of own CET1 instrument.
3) Following an approval from the Swedish Financial Supervisory Authority to call a Tier 2 instrument of EUR 1.0 bn issued in 2014, the instrument was excluded from the bank's own funds as at Q1 2021. The instrument was redeemed in Q2 2021. A new Tier 2 instrument of EUR 0.5 bn was issued during Q4 2021.

Risk exposure amount

	Consolidated situation				Parent company			
	2021		2020		2021		2020	
Credit risk IRB approach	Risk exposure amount	Own funds requirement[1)]	Risk exposure amount	Own funds requirement[1)]	Risk exposure amount	Own funds requirement[1)]	Risk exposure amount	Own funds requirement[1)]
Exposures to central governments or central banks	18,374	1,470	13,893	1,111	10,362	829	8,221	658
Exposures to institutions	52,833	4,227	46,522	3,722	52,349	4,188	45,136	3,611
Exposures to corporates	371,928	29,754	342,199	27,376	308,939	24,715	281,603	22,528
Retail exposures	66,879	5,350	63,740	5,099	44,205	3,536	42,131	3,371
of which secured by immovable property	*43,718*	*3,497*	*40,817*	*3,265*	*34,274*	*2,742*	*32,283*	*2,583*
of which retail SME	*5,621*	*450*	*5,278*	*422*	*2,187*	*175*		
of which other retail exposures	*17,540*	*1,403*	*17,644*	*1,412*	*7,744*	*619*	*9,848*	*788*
Securitisation positions	1,976	158	1,973	158	1,976	158	1,973	158
Total IRB approach	**511,989**	**40,959**	**468,326**	**37,466**	**417,831**	**33,426**	**379,064**	**30,325**
Credit risk standardised approach								
Exposures to central governments or central banks	949	76	966	77				
Exposures to institutions	937	75	909	73	11,628	930	18,339	1,467
Exposures to corporates	6,635	531	4,905	392	3,319	266	3,024	242
Retail exposures	15,278	1,222	13,528	1,082	9,001	720	8,206	656
Exposures secured by mortgages on immovable property	2,016	161	1,935	155	2,012	161	1,931	155
Exposures in default	45	4	52	4	24	2	26	2
Exposures associated with particularly high risk	845	68	1,043	83	845	68	1,043	83
Exposures in the form of collective investment undertakings (CIU)			57	5				
Equity exposures	8,459	677	4,139	331	44,992	3,599	37,286	2,983
Other items	10,180	814	10,327	826	3,098	248	2,807	225
Total standardised approach	**45,344**	**3,628**	**37,860**	**3,029**	**74,920**	**5,994**	**72,662**	**5,813**
Market risk								
Trading book exposures where internal models are applied	26,756	2,140	28,088	2,247	26,756	2,140	28,088	2,247
Trading book exposures applying standardised approaches	5,021	402	8,742	699	4,975	398	8,675	694
Foreign exchange rate risk					4,153	332	3,377	270
Total market risk	**31,778**	**2,542**	**36,830**	**2,946**	**35,883**	**2,871**	**40,140**	**3,211**
Other own funds requirements								
Operational risk advanced measurement approach	49,897	3,992	50,483	4,039	39,185	3,135	39,928	3,194
Settlement risk	13	1	3	0	13	1	3	0
Credit value adjustment	9,493	759	7,336	587	9,485	759	7,336	587
Investment in insurance business	22,527	1,802	16,633	1,331	22,527	1,802	16,633	1,331
Other exposures	3,898	312	5,237	419	528	42	1,377	110
Additional risk exposure amount[2)]	112,551	9,004	102,851	8,228	112,544	9,004	102,845	8,228
Total other own funds requirements	**198,379**	**15,870**	**182,544**	**14,604**	**184,282**	**14,743**	**168,122**	**13,450**
TOTAL	**787,490**	**62,999**	**725,560**	**58,045**	**712,916**	**57,033**	**659,989**	**52,799**

1) Own funds requirement 8 per cent of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).
2) Additional risk exposure amount according to Article 458, Regulation (EU) No 575/2013 (CRR), for risk-weight floors in the Swedish mortgage portfolio and as from Q3 2021 for risk-weight floors in the Norwegian mortgage portfolio as well as for Norwegian corporate exposures collateralized by immovable property.

Average risk-weight

	Consolidated situation		Parent company	
	2021	2020	2021	2020
Exposures to central governments or central banks	2.9%	2.9%	1.9%	1.9%
Exposures to institutions	23.5%	21.7%	23.5%	21.7%
Exposures to corporates	27.6%	27.5%	25.0%	24.7%
Retail exposures	9.2%	9.4%	7.3%	7.4%
of which secured by immovable property	*6.7%*	*6.7%*	*5.9%*	*5.9%*
of which retail SME	*50.3%*	*49.6%*	*33.8%*	*34.6%*
of which other retail exposures	*28.5%*	*29.6%*	*38.5%*	*40.1%*
Securitisation positions	16.9%	16.4%	16.9%	16.4%

The consolidated SEB Group must also comply with capital requirements concerning combined banking and insurance groups, i.e. financial conglomerates. The combined capital requirement for the SEB financial conglomerate was SEK 186.3bn (157.6) while the Own funds amounted to SEK 235.2bn (224.6). In these total figures, SEB Life and Pension Holding AB has contributed with Solvency II figures from September 30, 2021.

42 Life insurance operations

Income statement	Group 2021	Group 2020
Premium income, net	5,025	4,688
Income investment contracts		
– Own fees including risk gain/loss	1,383	1,310
– Commissions from fund companies	2,122	1,801
	3,505	3,110
Net investment income	2,889	898
Other operating income	417	334
Total income, gross	**11,836**	**9,031**
Claims paid, net	−2,094	−1,727
Change in insurance contract provisions	−4,956	−3,407
Total income, net	**4,786**	**3,897**
Of which fees net from other entities within the SEB Group	*1,712*	*1,413*
Direct acquisition costs investment and insurance contracts	−765	−705
Change in deferred acquisition costs	−201	−233
	−967	−937
Commissions received and profit share from ceded reinsurance	99	128
Other expenses	−1,573	−1,621
Total expenses	**−2,440**	**−2,430**
Net expected credit losses	0	1
OPERATING PROFIT	**2,346**	**1,468**

Change in surplus values in division Life

	2021	2020
Present value of new sales[1]	1,280	955
Return on existing policies	1,179	1,184
Realised surplus value in existing policies	−2,501	−2,485
Actual outcome compared to assumptions[2]	1,288	43
Change in surplus values from ongoing business, gross	**1,246**	**−303**
Capitalisation of acquisition costs	−98	−74
Amortisation of capitalised acquisition costs	299	307
Change in deferred front end fees	−19	−19
Change in surplus values from ongoing business, net[3]	**1,428**	**−90**
Financial effects due to short-term market fluctuations[4]	3,170	133
Change in assumptions[5]	677	176
TOTAL CHANGE IN SURPLUS VALUES[6]	**5,276**	**219**

Calculations of surplus value in the life insurance operations are based on assumptions of the future development of existing insurance contracts and a risk-adjusted discount rate. The most important assumptions (Swedish unit-linked – which represent 86 per cent (85) of the total surplus value).

	2021	2020
Discount rate	6.5%	6.5%
Growth in fund units, gross before fees and taxes	4.65%	4.65%
Transfer rate	3.73%	3.73%
Lapse rate of regular premiums unit-linked	7.8%	8.3%
Surrender of endowment insurance contracts: contracts signed within 1 year / 1–4 years / 5 years / 6 years / thereafter	1% / 6% / 9% / 8% / 6%	1% / 5% / 11% / 9% / 7%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Mortality	The group's experience	The group's experience

1) Sales defined as new contracts and extra premiums in existing contracts.
2) The calculated deviation between the actual outcome from existing contracts and the assumed outcome based on previous assumptions. In 2021 there was a large positive effect related to a new distribution model.
3) Acquisition costs are capitalised and amortised according to plan. Certain front end fees are also recorded on the balance sheet and recognized as revenue in the income statement during several years. The reported change in surplus values is adjusted by the net effect of changes in deferred acquisition costs and front end fees during the period.
4) Assumed investment return (growth in fund values) is 4.65 per cent (4.65) gross before fees and taxes. Actual returns results in positive or negative financial effects.
5) Positive effect in 2021 from change in annuity term, deferral of vesting, lower surrender rate and expenses. Negative effect from assumed higher transfers out. Positive effect in 2020 mainly from lower assumed surrenders, lower transfers out, lower loss ratio and lower mortality which were reduced by higher assumed expenses.
6) The calculated surplus value is not included in the SEB Group's consolidated accounts. The surplus value is net of capitalised acquisition costs and deferred front end fees.

Summarised financial information for Gamla Livförsäkringsaktiebolaget SEB Trygg Liv[1]

Income statement, condensed	2021	2020
Life insurance technical result	33,778	2,419
Other costs and appropriations	−15	−2
Taxes	−170	−235
NET RESULT	**33,594**	**2,182**

Balance sheet, condensed		
TOTAL ASSETS	**195,183**	**175,870**
Total liabilities	77,055	84,228
Consolidation fund / equity	118,016	91,545
Untaxed reserves	112	97
TOTAL LIABILITIES AND EQUITY	**195,183**	**175,870**

1) SEB owns all shares of Gamla Livförsäkringsaktiebolaget SEB Trygg Liv except for a golden share owned by Trygg-Stiftelsen. Gamla Livförsäkringsaktiebolaget SEB Trygg Liv is not consolidated as subsidiary of the group, since the ownership of SEB in Gamla Livförsäkringsaktiebolaget SEB Trygg Liv does not result in control. Current year figures are unaudited.

43 Assets in unit-linked operations

Within the unit-linked business SEB holds, for its customers' account, a share of more than 50 per cent in 16 (25) funds, where SEB is the investment manager. The total value of those funds amounted to SEK 153,299m (130,879) of which SEB, for its customers' account, holds SEK 110,290m (92,727).

44 Interest in unconsolidated structured entities

	Group			Parent company		
Assets, 2021	Special purpose entities	Asset management[1]	Total	Special purpose entities	Asset management[1]	Total
Loans to the public	10,355		**10,355**	10,355		**10,355**
Financial assets	1	380,621	**380,622**	1	44	**45**
of which derivatives	*1*		***1***	*1*		***1***
TOTAL	**10,356**	**380,621**	**390,977**	**10,356**	**44**	**10,400**
Liabilities						
Deposits and borrowings from the public	461	0	**461**	461		**461**
Financial liabilities	13		**13**	13		**13**
of which derivatives	*13*		***13***	*13*		***13***
TOTAL	**474**	**0**	**474**	**474**		**474**
Obligations	**1,145**		**1,145**	**1,145**		**1,145**
The group's maximum exposure to loss	**11,501**	**23,026**	**34,527**	**11,501**	**44**	**11,545**

1) Investments in SEB- and non-SEB managed funds

Assets, 2020	Special purpose entities	Asset management[1]	Total	Special purpose entities	Asset management[1]	Total
Loans to the public	10,549		**10,549**	10,549		**10,549**
Financial assets	16	311,770	**311,786**	16	1,540	**1,556**
of which derivatives	*16*		***16***	*16*		***16***
TOTAL	**10,565**	**311,770**	**322,335**	**10,565**	**1,540**	**12,105**
Liabilities						
Deposits and borrowings from the public	423	1	**424**	423	1	**424**
Financial liabilities	0		**0**			
of which derivatives	*0*		***0***			
TOTAL	**423**	**1**	**424**	**423**	**1**	**424**
Obligations	**669**		**669**	**669**		**669**
The group's maximum exposure to loss	**11,234**	**18,550**	**29,784**	**11,234**	**1,540**	**12,775**

1) Investments in SEB- and non-SEB managed funds

Interests in unconsolidated structured entities refers to cases when the group has interests in structured entities which it does not control. A structured entity is an entity that is designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The group enters into transactions with structured entities in the normal cause of business for various reasons. Depending on the type of structured entity the purpose is to support customer transactions, to engage in specific investment opportunities and to facilitate the start-up of certain entities.

The group has interests in the following types of structured entities:

Interests in funds
The group establishes and manages funds to provide customers with investment opportunities, SEB is considered to be the sponsor of those funds. Total assets under management represent the size of a fund. Total assets under management of funds managed by SEB are SEK 831bn (672). The total assets of non-SEB managed funds are not publicly available and not considered meaningful for understanding related risks, and have therefore not been presented. In some cases the group facilitates the start-up of funds by holding units and it may hold units in funds managed by the group or by a third party for investment purposes within the life business. The funds managed by the group generate income in the form of management fees and performance fees based on the assets under management. The income from asset management is presented in note 5. The maximum exposure to loss is limited to the carrying amount of units held by the group. This amount does not reflect the probable loss.

Interests in other structured entities
The group has had a role in establishing structured entities to support customer transactions. The purpose of these entities is to provide alternative funding and liquidity improvement to the sellers and investment opportunities to investors by purchasing assets and obtain funding for the purchases with the assets as collateral. The group provides senior revolving credit facilities and administrative services to the entities and earn fee and interest income on market based conditions.

The group holds the most senior investments in debt instruments issued by banks, through securitisation vehicles (SPV) whose purpose is to provide alternative funding to the issuers and investment opportunities to investors. The SPVs purchase pools of asset from the originating banks balance sheet, e.g. credit card loans, residential mortgage loans, loans to small and medium sized enterprises and fund these purchases by issuing debt securities with the assets as collateral. The securities have multiple tranches of subordination.

The maximum exposure to loss regarding investments in other structured entities is limited to the carrying amount of the investments and may occur only after losses by creditors with junior exposures. The maximum exposure to loss does not reflect the probability of loss and hedging or collateral arrangements are not considered. The total assets for these entities are not considered meaningful information for the purpose of understanding the related risks and therefore have not been presented.

45 Related parties

Group, 2021	Group: Associated companies, Assets/ Liabilities	Interest	Key management, Assets/ Liabilities	Interest	Other related parties, Assets/ Liabilities	Interest
Loans to the public	1,557	15	218	3	62	1
Notional amount of derivatives					1,373	
Deposits and borrowings from the public	473	9	45		1,313	1
Group, 2020						
Loans to the public	1,198	14	211	3	71	1
Notional amount of derivatives					1,877	
Deposits and borrowings from the public	39	0	29		1,723	0

Parent company, 2021	Parent company: Associated companies, Assets/ Liabilities	Interest	Group companies, Assets/ Liabilities	Interest
Loans to credit institutions			21,495	64
Loans to the public	1,557	15	12,963	6
Interest-bearing securities			1,401	25
Positive replacement values of derivatives			380	
Other assets	0		1,184	0
TOTAL	**1,557**	**15**	**37,423**	**96**
Deposits from credit institutions			12,630	59
Deposits and borrowings from the public	462	9	13,777	13
Negative replacement values of derivatives			456	
Other liabilities	0		66	−4
TOTAL	**462**	**9**	**26,929**	**68**
Parent company, 2020				
Loans to credit institutions			29,491	117
Loans to the public	1,199	14	8,355	8
Interest-bearing securities			3,350	36
Positive replacement values of derivatives			533	
Other assets	6		1,512	0
TOTAL	**1,205**	**14**	**43,241**	**161**
Deposits from credit institutions			38,849	−143
Deposits and borrowings from the public	39	−2	13,634	4
Negative replacement values of derivatives			994	
Other liabilities	0		188	−3
TOTAL	**39**	**−2**	**53,665**	**−142**

Key management above refers to the Board of Directors and the Group Executive Committee. Entities with significant influence or significantly influenced by key management in the group, and post-employment benefit plans are presented as other related parties. Investor AB and the pension foundation SEB-stiftelsen are within this category as well as close family members to key management. In addition the group has insurance administration and asset management agreements with Gamla Livförsäkringsaktiebolaget SEB Trygg Liv based on conditions on the market. SEB has received SEK 115m (118) under the insurance administration agreement and SEK 402m (256) under the asset management agreement. For more information on Gamla Livförsäkringsaktiebolaget SEB Trygg Liv, see note 42.

The parent company is a related party to its subsidiaries and associates. See note 22, Investments in subsidiaries, associates and joint ventures, for disclosures of investments.

46 Financial assets and liabilities subject to offsetting or netting arrangements

	Financial assets and liabilities subject to offsetting or netting arrangements							
				Related arrangements				
Group, 2021	Gross amounts	Offset	Net amounts in balance sheet	Master netting arrangements	Collaterals received/ pledged	Net amounts	Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
Derivatives	149,013	−22,956	**126,057**	−81,580	−43,553	**923**	−6	**126,051**
Reversed repo receivables	190,909	−108,261	**82,649**	−8,491	−74,158		5,018	**87,667**
Securities borrowing	26,059		**26,059**		−25,639	**419**	180	**26,239**
Client receivables							12,105	**12,105**
ASSETS	**365,981**	**−131,216**	**234,764**	**−90,071**	**−143,351**	**1,342**	**17,298**	**252,062**
Derivatives	141,118	−22,956	**118,163**	−81,580	−34,653	**1,930**	10	**118,173**
Repo payables	117,024	−108,261	**8,763**	−8,491		**273**	773	**9,537**
Securities lending	33,254		**33,254**		−33,033	**221**	35	**33,289**
Client payables							6,701	**6,701**
LIABILITIES	**291,397**	**−131,216**	**160,180**	**−90,071**	**−67,686**	**2,423**	**7,520**	**167,700**
Group, 2020								
Derivatives	166,111	−1,323	**164,787**	−87,837	−53,700	**23,251**	121	**164,909**
Reversed repo receivables	153,867	−33,878	**119,989**	−8,876	−111,113		5,395	**125,384**
Securities borrowing	12,413		**12,413**		−11,908	**505**	307	**12,719**
Client receivables	1	−1					9,764	**9,764**
ASSETS	**332,391**	**−35,203**	**297,189**	**−96,712**	**−176,721**	**23,755**	**15,587**	**312,776**
Derivatives	162,624	−1,323	**161,300**	−87,837	−52,410	**21,054**	261	**161,561**
Repo payables	42,754	−33,878	**8,876**	−8,876				**8,876**
Securities lending	19,513		**19,513**		−18,408	**1,105**	1	**19,514**
Client payables	1	−1					11,599	**11,599**
LIABILITIES	**224,892**	**−35,203**	**189,689**	**−96,712**	**−70,817**	**22,159**	**11,861**	**201,550**

	Financial assets and liabilities subject to offsetting or netting arrangements							
				Related arrangements				
Parent company, 2021	Gross amounts	Offset	Net amounts in balance sheet	Master netting arrangements	Collaterals received/ pledged	Net amounts	Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
Derivatives	143,777	−22,451	**121,326**	−77,709	−43,617			**121,326**
Reversed repo receivables	190,903	−108,261	**82,643**	−8,491	−74,158			**82,643**
Securities borrowing	25,639		**25,639**		−25,639			**25,639**
Client receivables	0		**0**				11,432	**11,432**
ASSETS	**360,319**	**−130,712**	**229,608**	**−86,199**	**−143,414**		**11,432**	**241,040**
Derivatives	135,948	−22,451	**113,497**	−77,709	−35,108	**680**		**113,497**
Repo payables	116,751	−108,261	**8,491**	−8,491				**8,491**
Securities lending	33,033		**33,033**		−33,033			**33,033**
Client payables							5,119	**5,119**
LIABILITIES	**285,733**	**−130,712**	**155,021**	**−86,199**	**−68,142**	**680**	**5,119**	**160,140**
Parent company, 2020								
Derivatives	159,380		**159,380**	−84,448	−52,959	**21,973**		**159,380**
Reversed repo receivables	153,867	−33,878	**119,989**	−8,876	−111,113			**119,989**
Securities borrowing	11,908		**11,908**		−11,908			**11,908**
Client receivables	1	−1					9,204	**9,204**
ASSETS	**325,156**	**−33,880**	**291,277**	**−93,324**	**−175,980**	**21,973**	**9,204**	**300,481**
Derivatives	157,529		**157,529**	−84,448	−52,410	**20,671**		**157,529**
Repo payables	42,754	−33,878	**8,876**	−8,876				**8,876**
Securities lending	18,408		**18,408**		−18,408			**18,408**
Client payables	1	−1					10,488	**10,488**
LIABILITIES	**218,693**	**−33,880**	**184,813**	**−93,324**	**−70,817**	**20,671**	**10,488**	**195,301**

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

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

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

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

47 Pledged assets

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Pledged assets and comparable securities for own liabilities	541,308	493,629	539,115	490,032
Pledged assets for own liabilities to insurance policyholders	458,849	362,016		
Other pledged assets and comparable securities	66,226	108,336	65,329	106,252
TOTAL	**1,066,382**	**963,981**	**604,443**	**596,284**

Pledged assets and comparable securities for own liabilities[1)]

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Repos	32,543	47,425	32,270	47,425
Assets collateralised for issued mortgage covered bonds	293,858	332,821	292,874	331,128
Assets collateralised for issued public covered bonds		673		
Other collateral	214,906	112,710	213,970	111,479
TOTAL	**541,308**	**493,629**	**539,115**	**490,032**

1) Transfers that do not qualify for derecognition.

Pledged assets for own liabilities to insurance policyholders

	Group 2021	Group 2020
Assets pledged for insurance contracts	34,623	29,624
Assets pledged for investment contracts[1)]	424,226	332,392
TOTAL	**458,849**	**362,016**

1) Shares in funds.

Other pledged assets and comparable collateral

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Bonds[1)]	33,424	80,735	33,424	80,735
Securities lending	897	2,083		
Other	31,904	25,517	31,904	25,517
TOTAL	**66,226**	**108,336**	**65,329**	**106,252**

1) Pledged but unencumbered bonds.

Transferred financial assets entirely recognized[1)]

	Transferred assets				Associated liabilities				Associated collateral received[2)]
Group, 2021	Securities lending	Repurchase agreements	Other[3)]	Total	Securities lending	Repurchase agreements	Other[3)]	Total	Securities lending
Equity instruments	44,309		1,339	**45,648**	7,970			**7,970**	29,535
Debt securities	22,548	4,737	55	**27,340**	3,242	4,737		**7,979**	15,888
Financial assets held for trading	**66,857**	**4,737**	**1,394**	**72,989**	**11,212**	**4,737**		**15,950**	**45,423**
Group, 2020									
Equity instruments	24,344		135	**24,480**	4,645			**4,645**	17,103
Debt securities	34,370	1,832	2,408	**38,610**	2,660	1,832	2,000	**6,491**	28,119
Financial assets held for trading	**58,715**	**1,832**	**2,543**	**63,090**	**7,304**	**1,832**	**2,000**	**11,136**	**45,221**

	Transferred assets				Associated liabilities				Associated collateral received[2)]
Parent company, 2021	Securities lending	Repurchase agreements	Other[3)]	Total	Securities lending	Repurchase agreements	Other[3)]	Total	Securities lending
Equity instruments	44,194			**44,194**	7,907			**7,907**	29,477
Debt securities	22,548	4,737	55	**27,340**	3,228	4,737		**7,966**	15,895
Financial assets held for trading	**66,742**	**4,737**	**55**	**71,534**	**11,135**	**4,737**		**15,873**	**45,372**
Parent company, 2020									
Equity instruments	24,344			**24,344**	4,603			**4,603**	17,103
Debt securities	34,370	1,832	2,408	**38,610**	2,636	1,832	2,000	**6,467**	28,119
Financial assets held for trading	**58,715**	**1,832**	**2,408**	**62,954**	**7,238**	**1,832**	**2,000**	**11,070**	**45,221**

1) Carrying amount and fair value are the same.
2) Other than cash collateral.
3) Assets provided as collateral for derivatives trading, clearing etc.

Pledged assets
Assets are transferred for repurchase agreements and securities lending agreements. The counterpart has the right to sell or repledge the assets. Other transferred assets refer to assets provided as collateral for derivatives trading, clearing etc., where the title to the instrument has been transferred to the counterparty. The assets continue to be recognised on SEB's balance sheet since SEB is still exposed to changes in the fair value of the assets. The carrying value and fair value of the assets transferred as collateral for liabilities or contingent liabilities are shown in the table above.

SEB issues covered bonds secured by mortgage loans pledged as security according to the local legislation. The pledged securities are mainly residential mortgages in single family homes, tenant owned homes or other residential apartment buildings. The loan-to-value ratio does not exceed 75 per cent. In the event of SEB's insolvency, the holders of the covered bonds have priority to the assets registered as collateral.

Obtained collateral
SEB obtains collateral under reverse repurchase agreements and securities borrowing agreements. Under the terms of standard financial market agreements SEB has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transactions.

More information about the accounting of repurchase agreements and securities lending can be found in the accounting principles.

48 Obligations

	Group		Parent company	
	2021	2020	2021	2020
Contingent liabilities	160,294	137,341	159,445	141,769
Commitments	813,936	724,933	754,551	667,824
TOTAL	**974,231**	**862,274**	**913,996**	**809,592**

Contingent liabilities

Own acceptances	**2,190**	**1,521**	**2,079**	**1,427**
Financial guarantees given[1)]	10,281	8,573	17,998	21,045
of which group internal			*7,750*	*12,532*
Other guarantees given	147,824	127,247	139,367	119,296
of which group internal			*994*	*918*
Guarantees given	**158,105**	**135,820**	**157,366**	**140,341**
TOTAL	**160,294**	**137,341**	**159,445**	**141,769**

1) SEB does not regularly securitise its assets and has no outstanding own issues.

Other contingent liabilities
The parent company has a contingent liability to provide capital to DSK Hyp AG's (former SEB AG) for annual net losses unless the losses could be covered by other reserves.

The parent company has issued a deposit guarantee for DSK Hyp AG (former SEB AG) in Germany to the Bundesverband deutscher Banken e.V.

The parent company has issued an irrevocable standby letter of credit in favor of MasterCard in the amount of USD 215m related to card business in the subsidiaries.

Legal proceedings
Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the group.

Re-assessment of credited withholding tax in Germany
SEB and its subsidiaries are continuously subject to tax field audits where local tax authorities review previous years' tax returns. The German tax authorities have in relation to SEB's wholly owned German subsidiary, DSK Hyp AG ("DSK") re-assessed DSK's crediting of withholding tax in its securities finance business for the years 2008–2014 and claimed the repayment by DSK of EUR 936m, plus interest. DSK has over the years 2008–2015 claimed and credited approximately EUR 1,500m in withholding tax against its corporate income tax.

SEB and DSK are of the opinion that the securities finance business of DSK under review by the German tax authorities was conducted in accordance with market practice, law and administrative guidance applicable at the time. SEB and DSK, as supported by its external legal advisor, are of the view that it is more likely than not that it will be ultimately confirmed in a fiscal court proceeding that the withholding tax has been claimed and credited correctly by DSK. Hence, to date and in accordance with current accounting rules, no provisions have been made on a group level.

The legal proceedings are estimated to take several years as it is expected that the matter will be appealed to the highest fiscal court. It cannot be ruled out that the re-assessment by the German tax authorities of DSK's crediting of withholding tax may lead to negative financial effects for the SEB Group.

Investigation of alleged tax evasion
The public prosecutor in Cologne, Germany, is investigating whether former and current employees of DSK and SEB have been involved in alleged tax evasion of a severe nature. DSK and SEB are cooperating with the prosecutor in the investigation. As far as SEB and DSK are aware, no indictments have been filed against any of the aforementioned employees.

It is unclear what impact this investigation may have on the re-assessment by the German tax authorities of DSK's crediting of withholding tax referred to above. It cannot be ruled out that the investigation or potential indictments may lead to negative financial effects for the SEB Group.

Commitments

	Group		Parent company	
	2021	2020	2021	2020
Granted undrawn credit facilities	544,344	482,380	528,146	466,481
of which group internal			*0*	*23*
Unutilised part of overdraft facilities	143,745	139,149	107,943	104,046
of which group internal			*13,526*	*17,754*
Repledged collaterals	101,737	80,260	101,737	80,282
of which group internal			*0*	*22*
Other commitments given	24,111	23,144	16,725	17,014
TOTAL	**813,936**	**724,933**	**754,551**	**667,824**

Discretionary managed assets
Discretionary managed assets in the parent company amounted to SEK 509bn (416).

49 Leases

Lessee	Group 2021	Group 2020
Income statement		
Interest expense on lease liabilities (Net interest income)	78	86
Expenses relating to short-term leases (Other expenses)	12	26
Expenses relating to leases of low-value assets (Other expenses)	97	96
Depreciation expense of right-of-use assets (Depreciation, amortisation)[1)]	844	848
TOTAL	**1,032**	**1,056**
Balance sheet		
Right-of-use assets – additions	328	325
Right-of-use assets – closing balance[2)]	5,079	5,141
Lease liabilities (Other liabilities)	5,527	5,639

1) Of which Property leases SEK 818m (818) and Other (mainly IT equipment) SEK 26m (30).
2) Of which Property leases SEK 5,049m (5,102) and Other (mainly IT equipment) SEK 30m (39).

Lessor

Finance lease	Group 2021	Group 2020
Undiscounted lease payments expected after reporting date and within		
year 1	10,415	9,978
year 2	9,586	10,247
year 3	9,564	9,786
year 4	5,442	6,619
year 5	5,262	4,998
year 6 and later	25,229	20,404
Total undiscounted lease payments receivable	**65,499**	**62,031**
Unearned finance income	−2,898	−2,800
NET INVESTMENT LEASES	**62,601**	**59,232**

Finance income (interest income) on the net investment	1,028	1,098

Lessor portfolio mainly includes transport vehicles, machinery and facilities. Residual value risk is not significant, because of the existence of a secondary market.

50 Events after the balance sheet date

Jeanette Almberg, currently Head of Group Human Resources and a member of the bank's Group Executive Committee (GEC), has been appointed as new Head of Business Support & Operations and a member of GEC. Robert Celsing, currently Head of FICC Markets at SEB, has been appointed new Head of Group Human Resources and a member of GEC. Nina Korfu-Pedersen, currently Head of Business Support & Operations, has been appointed Chief Transformation Officer for Control & Staff Functions. The changes are effective as at 1 February 2022.

The SEB Group

Income Statement

SEKm	2021	2020	2019	2018	2017[1)]
Net interest income	26,321	25,143	22,950	21,022	19,893
Net fee and commission income	21,142	18,063	18,709	18,364	17,677
Net financial income	6,992	6,275	7,617	6,079	6,880
Net other income	159	236	858	402	1,112
Total operating income	**54,614**	**49,717**	**50,134**	**45,868**	**45,561**
Staff costs	−15,372	−14,976	−14,660	−14,004	−14,025
Other expenses	−5,763	−5,864	−6,623	−7,201	−6,947
Depreciation, amortisation and impairment of tangible and intangible assets	−2,110	−1,906	−1,662	−735	−964
Total operating expenses	**−23,245**	**−22,747**	**−22,945**	**−21,940**	**−21,936**
Gains less losses on disposals of tangible and intangible assets	5	−7	−2	18	−162
Net expected credit losses[2)]	−510	−6,118	−2,294	−1,166	−808
Operating profit before items affecting comparability	**30,864**	**20,846**	**24,894**	**22,779**	**22,655**
Items affecting comparability[3)]		−1,000		4,506	−1,896
Operating profit	**30,864**	**19,846**	**24,894**	**27,285**	**20,759**
Income tax expense	−5,441	−4,100	−4,717	−4,152	−4,562
NET PROFIT	**25,423**	**15,746**	**20,177**	**23,134**	**16,197**
Attributable to shareholders	25,423	15,746	20,177	23,134	16,197

1) The 2017 income statement has been restated for the transition to IFRS 15.
2) 2018–2021: IFRS 9 expected loss model. 2017: IAS 39 incurred loss model.
3) 2020 is administrative fine.

Balance sheet

SEKm	2021	2020	2019	2018	2017[1)]
Cash and cash balances and loans to central banks	443,798	327,409	151,186	242,408	190,000
Loans to central banks and credit institutions	60,009	50,791	46,995	44,287	38,717
Loans to the public	1,846,362	1,770,161	1,837,605	1,644,825	1,486,765
Other financial assets	889,366	855,351	787,341	606,584	629,907
Other assets	64,696	36,720	33,521	29,412	211,520
TOTAL ASSETS	**3,304,230**	**3,040,432**	**2,856,648**	**2,567,516**	**2,556,908**
Deposits from central banks and credit institutions	75,206	111,309	88,041	135,719	95,489
Deposits and borrowing from the public	1,597,449	1,371,227	1,161,485	1,111,390	1,032,048
Other financial liabilities	1,391,207	1,355,604	1,414,917	1,120,487	1,059,241
Other liabilities	47,140	30,349	36,505	51,131	228,892
Total equity	193,228	171,943	155,700	148,789	141,237
TOTAL LIABILITIES AND EQUITY	**3,304,230**	**3,040,432**	**2,856,648**	**2,567,516**	**2,556,908**

1) 2017 have been restated for changes in the presentation of the balance sheet and for the transition to IFRS 15.

Key figures

	2021	2020	2019	2018	2017[3)]
Return on equity, %	13.9	9.7	13.7	16.3	11.7
Return on equity excluding items affecting comparability, %	13.9	10.3	13.8	13.4	12.9
Basic earnings per share, SEK	11.75	7.28	9.33	10.69	7.47
Cost/Income ratio	0.43	0.46	0.46	0.48	0.48
Net ECL level[1)], %	0.02	0.26	0.10	0.06	0.05
Common Equity Tier 1 capital ratio[2)], %	19.7	21.0	17.6	17.6	19.4
Tier 1 capital ratio[2)], %	21.4	22.7	20.8	19.7	21.6
Total capital ratio[2)], %	23.1	25.1	23.3	22.2	24.2

1) 2018–2021: Net ECL level based on IFRS 9 expected loss model. 2017: Credit loss level based on IAS 39 incurred loss model.
2) Basel III.
3) 2017 has been restated for the transition to IFRS 15.

Parent company

Income Statement

SEKm	2021	2020	2019	2018	2017
Net interest income	27,247	25,707	23,402	21,860	20,017
Net fee and commission income	12,343	10,698	10,461	10,064	9,557
Net financial income	4,882	5,297	5,838	4,574	4,493
Other income	3,926	3,532	6,930	10,900	8,323
Total operating income	**48,397**	**45,234**	**46,631**	**47,398**	**42,390**
Administrative expenses	−16,207	−17,372	−16,345	−15,263	−14,252
Depreciation, amortisation and impairment of tangible and intangible assets	−5,644	−5,683	−5,749	−5,512	−6,377
Total operating costs	**−21,851**	**−23,055**	**−22,094**	**−20,775**	**−20,629**
Profit before credit losses	**26,547**	**22,179**	**24,537**	**26,623**	**21,761**
Net expected credit losses	−744	−5,550	−2,044	−1,020	
Net credit losses					−749
Impairment of financial assets	−1,911	−220	−741	−2,928	−1,497
Operating profit	**23,892**	**16,409**	**21,752**	**22,675**	**19,515**
Appropriations including pension compensation	3,839	2,390	2,694	2,716	1,885
Taxes	−4,980	−4,185	−4,140	−3,671	−3,590
NET PROFIT	**22,751**	**14,614**	**20,305**	**21,720**	**17,811**

Balance sheet

SEKm	2021	2020	2019	2018	2017[1]
Cash and cash balances at central banks	371,466	294,391	110,104	164,081	97,741
Loans to central banks and credit institutions	74,334	71,027	92,450	120,333	198,781
Loans to the public	1,641,332	1,569,310	1,601,243	1,410,687	1,205,906
Other financial assets	459,885	521,530	472,945	334,801	343,890
Other assets	40,817	40,852	41,930	48,373	45,845
TOTAL ASSETS	**2,587,834**	**2,497,110**	**2,318,672**	**2,078,275**	**1,892,163**
Deposits from central banks and credit institutions	85,276	147,831	126,891	160,022	134,561
Deposits and borrowing from the public	1,404,490	1,198,833	973,834	927,224	849,479
Other financial liabilities	918,606	981,523	1,059,727	846,685	770,333
Other liabilities	24,549	16,427	19,810	10,794	11,599
Total equity and untaxed reserves	154,913	152,496	138,410	133,550	126,191
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	**2,587,834**	**2,497,110**	**2,318,672**	**2,078,275**	**1,892,163**

1) 2017 have been restated for changes in the presentation of the balance sheet.

Key figures

	2021	2020	2019	2018	2017
Return on equity, %	15.0	10.4	15.9	18.1	16.3
Cost/Income ratio	0.45	0.51	0.47	0.44	0.49
Net ECL level[1], %	0.03	0.26	0.10	0.07	0.05
Common Equity Tier 1 capital ratio[2], %	18.4	20.3	16.9	16.9	19.8
Tier 1 capital ratio[2], %	20.3	22.2	20.6	19.3	22.5
Total capital ratio[2], %	22.2	24.8	23.2	22.2	25.5

1) 2018–2021: Net ECL level based on IFRS 9 expected loss model. 2017: Credit loss level based on IAS 39 incurred loss model.
2) Basel III.

Proposal for the distribution of profit

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken AB:

	SEK
Fair value fund	–353,483,074
Retained earnings	79,611,939,934
Net profit for the year	22,750,797,057
Total[1]	**102,009,253,917**

The Board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2021, the Annual General Meeting should distribute the earnings as follows:

	SEK
Dividend to shareholders:	
– SEK 6 per Class A share	13,020,115,764
– SEK 6 per Class C share	144,915,048
To be carried forward to:	
– retained earnings	88,844,223,105
Total	**102,009,253,917**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands which are imposed by the nature, scope, and risks associated with the business and the size of the parent company's and the group's equity and need for consolidation, liquidity and financial position in general.

1) The parent company's equity would have been SEK 9,306m lower if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act.

Signatures of the Board of Directors and the President

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a relevant and faithful representation of the group's financial position and results of operations.

The financial statements of the parent company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the parent company's financial position and results of operations.

The Report of the Directors for the group and the parent company provides a fair review of the development of the group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and companies included in the group.

Stockholm 21 February 2022

Marcus Wallenberg
Chair

Sven Nyman
Vice chair

Jesper Ovesen
Vice chair

Signhild Arnegård Hansen
Director

Anne-Catherine Berner
Director

Winnie Fok
Director

Lars Ottersgård
Director

Helena Saxon
Director

Anna-Karin Glimström
Director
Appointed by the employees

Charlotta Lindholm
Director
Appointed by the employees

Johan Torgeby
President and Chief Executive Officer
Director

Our audit report was issued on 28 February 2022
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Auditor's report

This is a translation from the Swedish original.

To the general meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) ("SEB") for the year 2021 except for the corporate governance statement on pages 92–107. The annual accounts and consolidated accounts of the company are included on pages 70–202 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as at 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 92–107. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Provision for Expected Credit Losses ("ECL")

Description

As at 31 December 2021, loans amount to SEK 1,910,824m for the group, which represents 58 per cent of the group's total assets. The total credit risk exposure, including off-balance commitments, amounts SEK 2,699,923m for the group. The provision for expected credit losses amounts to SEK 8,786m for the group.

In order to provide for expected credit losses, SEB uses both models and credit expert judgement to consider factors not captured by the models.

Expected credit losses shall be measured in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes and is based on past events, current conditions and forecasts of future economic conditions.

The provision for expected credit losses requires SEB to make assessments of the key model assumptions. For example, assessments are made of the criteria to identify a significant increase in credit risk, current and forward-looking information such as the effect of the prolonged COVID-19 pandemic and the impact of development in specific industries on the ECL. Due to the use of judgement in applying the expected credit loss measurement criteria, the materiality of the credit risk exposure, the complexity of the calculation, and the effect on the ECL, provisioning for expected credit losses has been considered a key audit matter.

How our audit addressed this key audit matter

We have tested the design and operating effectiveness of key controls in the credit process, including credit approval, credit review, rating classification as well as identifying and determining loans in default. We have also tested controls relating to input data to models and the general IT-controls including the handling of authorizations within the relevant systems.

We have assessed the models including the assumptions and input parameters as well as assessed how the models calculate. Our assessment of input parameters includes probability of default, loss given default, exposure at default and staging criteria parameters determining a significant increase in credit risk at engagement level in accordance with IFRS 9. For engagements subject to individual assessment by SEB, we have assessed collateral valuation in the audit procedures, including in the assessment of model overlays and SEB's expert credit judgment.

We have on a sample basis assessed SEB's initial and current engagement risk rating. We have tested that data used from supporting systems used in the models, are complete and accurate. We have also assessed the model validations which have been performed and reviewed the reasonableness of the macroeconomic data used in the models. We have also assessed the reasonableness of the credit expert judgement made by SEB.

In our audit we have used our internal model specialists when performing our audit procedures.

We have assessed the disclosures in the annual accounts related to ECL. Such information is found in the annual accounts in notes 1 and 18.

Valuation of financial instruments at fair value

Description

SEB holds financial instruments where unadjusted quoted market prices are not readily available. For such instruments fair value is determined either using valuation techniques based on observable market parameters (categorized as level 2 under IFRS fair value hierarchy) or using valuation techniques with significant unobservable inputs (categorized as level 3 under IFRS fair value hierarchy).

The group has financial assets and financial liabilities in level 2 of SEK 322,341m and SEK 174,527m and financial assets and liabilities in level 3 of SEK 28,456m and SEK 8,103m respectively. The main part of the financial instruments in level 2 are comprised of loans, deposits, debt securities and derivative contracts. Financial instruments in level 3 primarily consist of unlisted equity securities and Financial assets for which the customers bear the investment risk.

Due to the complexity in the calculation of fair value, the materiality of the financial instruments, as well as the need for SEB to make judgements with respect to valuation parameters, the valuation of financial instruments with no readily available unadjusted quoted market prices, has been considered a key audit matter. Financial assets for which the customers bear the investment risk has not been considered a key audit matter since the corresponding liability is recorded in the balance sheet.

How our audit addressed this key audit matter

We have tested the key controls in the valuation process, including SEB's assessment and approval of assumptions and methods used in model-based calculations, control of data input as well as the handling of changes in internal valuation models. We have also tested the general IT-controls including the handling of authorizations with respect to relevant IT-systems for the valuation process.

We have assessed SEB method for valuing financial instruments with no readily available quoted market prices, including the classification in the valuation hierarchy in accordance with IFRS 13.

Furthermore, we have assessed the assumptions made by SEB when valuating financial instruments with no readily available quoted market prices. We have compared the valuation models to valuing guidelines and industry practice. We have compared input parameters to appropriate reference sources when available and examined any significant deviations.

We have also tested the mathematical accuracy of the valuations through sample tests and performed our own independent valuations.

In our audit we have engaged our internal valuation specialists when performing our audit procedures.

We have assessed the disclosures in the annual accounts related to Valuation of financial instruments at fair value. Disclosures on the financial instruments at fair value are found in the annual accounts in notes 1 and 36.

Uncertain tax positions

Description

SEB is subject to taxation in many jurisdictions and in many cases the final tax treatment is not determined until resolved with the relevant tax authority. Consequently, SEB makes judgements about the probability and amount of tax liabilities which are subject to assessments by tax authorities and potentially associated with legal processes. Given the complexity of the assessments, the expected time to resolutions that may be years into the future, and the wide range of possible outcomes, uncertain tax positions has been considered a key audit matter.

How our audit addressed this key audit matter

We have assessed whether SEB's method for assessing uncertain tax positions is in accordance with IFRS, including SEB's assessment of the probability thresholds in key cases. We have substantively tested the process for uncertain taxes and related tax assessments and tax liability estimates. In performing these procedures, we have used our specialists to examine potential implications of ongoing tax audits and similar processes. We have obtained correspondence with tax authorities and opinions SEB has received from its external legal advisers.

We have also independently assessed matters in dispute and the accounting treatment.

We have assessed of the disclosures in the annual accounts related to uncertain tax positions. Disclosures on the uncertain tax positions are found in the annual accounts in note 1 and 48.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–69 and 208–235. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Skandinaviska Enskilda Banken AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Skandinaviska Enskilda Banken AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for the opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Skandinaviska Enskilda Banken AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 92–107 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Ernst & Young AB was appointed auditor of Skandinaviska Enskilda Banken AB (publ) by the general meeting of the shareholders on the 30 of March 2021 and has been the company's auditor since the 26 of March 2019.

Stockholm 28 February 2022
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Sustainability notes and GRI Index

Contents

Sustainability notes

Financial strength and resilience

Direct economic value created by SEB[1]	2021	2020	2019
Gross income (SEK m)	66,505	67,022	74,374
Total operating income (SEK m)	54,614	49,717	50,134
Total operating expenses (SEK m)	23,245	22,747	22,945
Interest expenses (SEK m)[2]	5,540	11,187	16,643
Fee and commission expense (SEK m)	4,987	4,870	5,467
Other expenses (SEK m)	5,763	5,864	6,623
Staff costs (SEK m)[3]	15,372	14,976	14,660
Regulatory fees including resolution and deposit guarantee fees (SEK m)[2]	1,364	1,248	2,129
Income tax expense (SEK m)	5,441	4,100	4,717
Dividends, to shareholders (SEK m)[4]	13,165	17,740	-
Net profit (SEK m)	25,423	15,746	20,177
Financial assistance received from government (SEK m)	-	-	-
Economic contribution to community investments (SEK m)	42.4	42.9	46.6
This year's profit that is reinvested into the bank (SEK m)[4]	12,258	– 1,994	20,177

1) Direct economic value generated and distributed is presented in accordance with the outline in SEB's annual report.
2) Interest expense, excluding Regulatory fee.
3) Staff cost details, see financial note 8.
4) The proposed dividend for a financial year is paid out to the shareholders the following year (dependent AGM resolution). Dividend is not distributed for shares in own holding as per record date. Final dividend payment is taken into account in the table the following year.

Voluntary EU Taxonomy report

Assets	Assets, SEKm 2021-12-31	Share of covered assets, % 2021-12-31	Share of total assets, % 2021-12-31
Exposures to Taxonomy-eligible economic activities	1,319,219	54	40
of which, NFRD undertakings	120,116	5	4
of which, households	618,756	25	19
of which, non-NFRD undertakings	580,347	24	18
Exposures to Taxonomy non-eligible economic activities	862,453	35	26
of which, NFRD undertakings	140,941	6	4
of which, households	43,350	2	1
of which, non-NFRD undertakings	678,162	28	21
Exposures not yet assessed whether taxonomy eligible/ non-eligible	207,358	8	6
Covered assets, included in both numerator and denominator	**2,389,031**	**97**	**72**
Derivatives (hedge accounting)	973	0	0
On demand interbank loans	6,745	0	0
Other assets	64,696	3	2
Covered assets, excluded from numerator	**72,414**	**3**	**2**
Total covered assets	**2,461,445**	**100**	**74**
Central governments, central banks, supranationals	492,093		15
Trading portfolio (incl derivatives excl hedge accounting)	350,692		11
Assets not covered by calculation	**842,785**		**26**
TOTAL ASSETS	**3,304,230**		**100**

General information about EU Taxonomy Regulation and SEB Group mandatory Taxonomy report is presented in the Sustainability report (see p. 58). Both the mandatory and the voluntary Taxonomy report covers the SEB Group.

In SEB Group voluntary Taxonomy report assets have been classified based on assessment of the underlying undertakings' economic activities.

Assessment, of whether exposure relate to NFRD- or non-NFRD undertaking, is based on number of employees (>500) and whether each entity is a Public Interest Entity (PIE). Taxonomy eligibility assessment is based on underlying undertakings' NACE-codes, in relevant cases adjusted for knowledge of the economic activities on group/company level.

Financial investments have been assessed based on taxonomy information provided by third party ESG information providers, where available. Fund holding assessments have been weighted, where the economic activities of the underlying investments and access to information has been taken into account.

Household mortgage loans are classified as taxonomy eligible, due to real estate collateral, regardless of geographical location (EU/non-EU). Car loans, granted from the date of application of the Taxonomy disclosure requirements (1 January 2022), will be taken into account for assessment in 2022. Derivatives have been allocated to Derivatives (hedge accounting) and the Trading portfolio respectively. Supranational issuers have been identified based on ECB definition.

Sustainable financing

Green loans	2021	2020	2019
Green loans (SEK bn)[1]	29.4	24.7	19.0
Green mortgages (SEK bn)	7.9	4.0	1.5

Green bonds	2021	2020	2019
Aggregated			
Green bonds underwritten by SEB since inception, excluding self-led (USD bn)	*40.5*	*34.4*	*29.6*
Green bonds underwritten by SEB since inception, global share (%)	*3.2*	*4.1*	*5.2*
Current year			
Green bonds issued globally current year (USD bn)[2]	*474.0*	*303.2*	*262.5*
Green bonds underwritten by SEB current year, excluding self-led (USD bn)	*6.2*	*4.7*	*7.0*
Green bonds underwritten by SEB current year, global share (%)	*1.3*	*1.6*	*3.8*
Green bonds underwritten by SEB current year, Nordic share (%)[3]	*18.0*	*20.2*	*32.3*

Equator Principles	2021	2020	2019
Project finance transactions			
of which, Category A transactions approved (number)	*0*	*0*	*0*
of which, Category B transactions approved (number)	*4*	*3*	*3*
of which, Category C transactions approved (number)	*4*	*1*	*0*
Project related corporate loans			
of which, Category A transactions approved (number)	*0*	*1*	*0*
of which, Category B transactions approved (number)	*0*	*0*	*0*
of which, Category C transactions approved (number)	*0*	*0*	*0*

1) Green loans includes loans and leases to customers that promote the transition to low-carbon and climate-resilient development as well as environmental and ecosystem improvements. The green loans include project financing within the EU, UK and Nordic region, which fulfil the sustainability criteria in the SEB Green Bond framework.
2) The source for Green Bond data is Bloomberg, Green Bond League table. For "Green Bonds issued globally current year" BloombergNEF was the source in 2020.
3) SEB's share of global transactions, all currencies, by Nordic banks.

Sustainable investments

Assets under management	2021	2020	2019
Assets under management, AuM, SEB total (SEK bn)	2,682	2,106	2,041
Assets under management, AuM, managed by SEB's fund company (SEK bn)	831	672	685

Principles for Responsible Investments (PRI)	2021	2020	2019
SEB's fund company's AuM, evaluated according to PRI, share of SEB total AuM (%)	31	32	32
SEB's fund company's AuM evaluated according to PRI, share of SEB's fund company's total AuM(%)[1]	100	100	100
SEB's external fund managers that have signed the PRI, share (%)	100	100	100

Carbon emission (CO_2) measurements	2021	2020	2019
SEB's fund company's equity funds where carbon emissions are measured and have an official benchmark (%)	93	95	94

1) Share of AuM 2019 does not include "SEB Sverige Indexfond".

Sustainability approach[2]	2021	2020	2019
SEB's fund company's AuM assessed with sustainability criteria (SEK bn)	-	304	256
SEB's fund company's AuM, Articles 8 and 9 under SFDR (SEK bn)[3]	678	-	-
SEB's fund company's AuM assessed with sustainability criteria, as share of SEB's fund company's total AuM (%)	-	45	37
SEB's fund company's AuM, Articles 8 and 9 under SFDR, as share of SEB's fund company's total AuM (%)[3]	81.6	-	-
SEB's AuM assessed with sustainability criteria, as share of SEB's total AuM (%)	-	14	13
SEB's AuM, Articles 8 and 9, as share of SEB's total AuM (%)[3]	27.2	-	-

Human rights assessment	2021	2020	2019
SEB funds assessed with human rights criteria, as share of SEB's fund company's total AuM (%)	100	100	100
SEB funds assessed with human rights criteria, as share of SEB's total AuM (%)	31	32	32

Influence and engagement[4]	2021	2020	2019
Total engagement dialogues with portfolio companies (number)	3,200	2,089	1,564
Share of engagement dialogues with Nordic portfolio companies (%)	9	3	1
Share of of engagement dialogues in collaboration with external parties (%)	91	97	97
Companies excluded from the investment portfolio in accordance with SEB's ethical investment guidelines (number)	3,780	1,540	1,062
Participation in nomination committees (number)	35	33	33

Engagement themes[4,5]	2021	2020	2019
Human rights (number)	20	20	20
Palm oil (number)	-	25	25
Environment (number)	167	160	161
Water disclosure (number)	149	965	515

SEB impact and thematic funds

Total value	2021	2020	2019
Microfinance funds, Impact Opportunity Fund, Green Bond Fund and Lyxor SEB Impact Fund (SEK bn)	13.0	12.2	11.2

Microfinance funds, incl. SEB Impact Opportunity Fund[6]	2021	2020	2019
Assets under Management (SEK bn)	7.1	8.1	8.6
Assets under Management (USD m)	781	965	970
Number of microfinance funds	7	7	7
Number of countries	55	60	59
Number of customers reached via microfinance institutions (MFI's)	19,897,967	22,269,236	25,384,944

Green Bond Fund	2021	2020	2019
Assets under Management (SEK bn)	2.5	2.0	1.2

Lyxor SEB Impact Fund	2021	2020	2019
Assets under Management (SEK bn)	3.4	2.1	1.4

2) Read more about SEB sustainable investments on www.sebgroup.com "Sustainability > Supporting our customers > Sustainable investments" and "Sustainability in SEB's fund company" describing SEB fund company sustainability approach.
3) AuM defined as Article 8 or 9 under SFDR, Sustainable Finance Disclosure Regulation (from 10 March 2021).
4) Information pertains to SEB's fund Company (SEB IM AB).
5) SEB's fund company engages on several topics both direct and through collaborations. Common topics include the: environment, good governance and workers' rights. The dialogues we have in collaboration with Federated Hermes are proactive and thereby cover a wide range of topics. Our engagements through the CDP are mainly focused on water disclosure and Climate Action 100+ for the companies with the highest carbon emissions.
6) All data concerning microfinance funds also includes the SEB Impact Opportunity Fund. The Impact Opportunity Fund invests mainly in microfinance institutions but has a broader mandate, e.g. solar energy and education. Similar to the microfinance fund's this fund invests in emerging and frontier markets.

Business ethics and conduct

Crime prevention

Whistleblowing	2021	2020	2019
Number of whistleblowing cases[1]	31	31	23

Reported suspicious activities	2021	2020	2019
Number of suspicious orders and transactions reported to Finansinspektionen (Market Abuse)	13	9	33
Share of Market Abuse reports consisting of manual tips from employees or external sources (%)	*0*	*3*	*6*
Share of Market Abuse reports pertaining to insider dealing (%)	*38*	*8*	*79*
Number of suspicious AML activity reports reported to Finanspolisen[2]	2,225	1,810	1,224
Share of AML reports consisting of manual tips from employees or external sources (%)	*65*	*68*	*63*

Competence and awareness

Employees who have completed mandatory training (sorted by employee category)[3]	2021	2020	2019
All employees[4]			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*95.1*	*93.2*	*86.0*
Fraud prevention (%)	*97.3*	*86.9*	*87.8*
Cyber security (%)	*94.5*	*88.0*	*88.8*
Code of Conduct (%)	*97.0*	*87.0*	*88.2*
General Data Protection Regulation/GDPR (%)[4]	*94.2*	*70.5*	*87.9*
Sustainability training on climate change (%)[4]	*95.5*	*59.6*	-
Sexual harassment – bystander intervention strategies (%)[4]	*93.0*	-	-
Group Executive Committee			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*90.5*	*78.6*	*83.3*
Fraud prevention (%)	*85.7*	*50.0*	*83.3*
Cyber security (%)	*76.2*	*64.3*	*83.3*
Code of Conduct (%)	*85.7*	*50.0*	*83.3*
General Data Protection Regulation/GDPR (%)[4]	*85.7*	*35.7*	*75.0*
Sustainability training on climate change (%)[4]	*76.2*	*35.7*	-
Sexual harassment – bystander intervention strategies (%)[4]	*71.4*	-	-
All managers			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*94.6*	*98.4*	*97.6*
Fraud prevention (%)	*98.0*	*90.6*	*83.9*
Cyber security (%)	*95.2*	*93.3*	*98.1*
Code of Conduct (%)	*97.5*	*90.0*	*82.5*
General Data Protection Regulation/GDPR (%)[4]	*94.3*	*74.5*	*97.6*
Sustainability training on climate change (%)[4]	*95.9*	*63.8*	-
Sexual harassment – bystander intervention strategies (%)[4]	*93.8*	-	-

Employees who have completed mandatory training (sorted by region)[3]	**2021**	2020	2019
Sweden			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*93.0*	*91.5*	*83.3*
Fraud prevention (%)	*96.0*	*84.7*	*84.4*
Cyber security (%)	*92.2*	*85.7*	*85.5*
Code of Conduct (%)	*95.5*	*84.8*	*84.5*
General Data Protection Regulation/GDPR (%)[4]	*92.4*	*67.2*	*84.5*
Sustainability training on climate change (%)[4]	*93.3*	*57.1*	-
Sexual harassment – bystander intervention strategies (%)[4]	*89.9*	-	-
Other Nordic countries			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*95.4*	*95.0*	*74.9*
Fraud prevention (%)	*97.9*	*86.9*	*92.1*
Cyber security (%)	*95.7*	*89.8*	*92.4*
Code of Conduct (%)	*98.1*	*88.1*	*92.0*
General Data Protection Regulation/GDPR (%)[4]	*94.5*	*74.3*	*89.7*
Sustainability training on climate change (%)[4]	*97.2*	*63.6*	-
Sexual harassment – bystander intervention strategies (%)[4]	*95.7*	-	-
Baltic countries			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*97.9*	*97.0*	*93.3*
Fraud prevention (%)	*99.1*	*91.6*	*92.9*
Cyber security (%)	*97.6*	*92.2*	*93.9*
Code of Conduct (%)	*99.0*	*91.3*	*93.9*
General Data Protection Regulation/GDPR (%)[4]	*96.9*	*75.1*	*93.8*
Sustainability training on climate change (%)[4]	*98.5*	*62.8*	-
Sexual harassment – bystander intervention strategies (%)[4]	*97.0*	-	-
Rest of the world			
Anti-money laundering and combating financing of terrorism – AML/CFT (%)	*96.3*	*88.2*	*85.2*
Fraud prevention (%)	*97.5*	*82.3*	*87.8*
Cyber security (%)	*95.9*	*85.5*	*88.2*
Code of Conduct (%)	*97.3*	*83.3*	*88.0*
General Data Protection Regulation/GDPR (%)[4]	*95.0*	*71.7*	*86.1*
Sustainability training on climate change (%)[4]	*95.7*	*62.1*	-
Sexual harassment – bystander intervention strategies (%)[4]	*94.4*	-	-

1) The external whistleblowing function has been in use since January 2018. The reported complaints cover different areas, such as breaches of the Code of Conduct, fraud, harassment and money laundering.
2) The number of filed SARs continues to increase. Manual alerts still form the basis for the major part of reports in Sweden. Various types of fraud account for a substantial part of them.
3) The trainings are mandatory to perform either every year or every three years for all SEB employees, including consultants. Employees who were on leave of absence during the entire year have been excluded. Anti-corruption is included in the Code of Conduct training.
4) An updated GDPR training was released in August 2020, and a new training on climate change was released in November 2020 (due in March 2021), which resulted in lower completion rates in 2020 compared to previous years. The sexual harassment training was introduced in 2021, and thus no data is available for previous years.

Our people

Employee information

Average number of employees	2021	2020	2019
Total (number)[1]	16,347	16,007	15,691
Men (%)	*44.4*	*44.2*	*43.8*
Women (%)	*55.6*	*55.8*	*56.2*

Employees by age group	2021	2020	2019
Total employees			
<30 years (%)	*18.0*	*18.2*	*18.1*
30–50 years (%)	*55.0*	*55.2*	*57.9*
>50 years (%)	*26.9*	*26.6*	*24.0*
All managers			
<30 years (%)	*2*	*2*	*2*
30–50 years (%)	*64*	*64*	*68*
>50 years (%)	*33*	*34*	*30*

Gender by management type (men/women)	2021	2020	2019
Board of Directors (%)[2]	56/44	56/44	64/36
Group Executive Committee (%)[3]	67/33	64/36	69/31
Top Senior Management (%)[4]	56/44	56/44	-
All managers (%)	52/48	52/48	54/46

Employees by employment contract/type	2021	2020	2019
Permanent (%)	96	95	95
Temporary (%)	4	5	5
Employees working full-time (%)	95	95	94
Employees working part-time (%)	5	5	6

By gender and employment contract/type (men/women)	2021	2020	2019
Permanent (%)	44/56	44/56	44/56
Temporary (%)	47/53	48/52	45/55
Employees working full-time (%)	46/54	46/54	45/55
Employees working part-time (%)	22/78	19/81	20/80

By region	2021	2020	2019
Sweden			
Permanent (%)	*96.0*	*95.4*	*94.4*
Temporary (%)	*4.0*	*4.6*	*5.6*
Other Nordic countries			
Permanent (%)	*97.7*	*97.5*	*96.5*
Temporary (%)	*2.3*	*2.5*	*3.5*
Baltic countries			
Permanent (%)	*96.3*	*96.4*	*95.6*
Temporary (%)	*3.7*	*3.6*	*4.4*
Rest of the world			
Permanent (%)	*93.9*	*92.1*	*93.3*
Temporary (%)	*6.1*	*7.9*	*6.7*

1) Reference financial note 8e "Number of employees".
2) Deputy directors and directors appointed by the employees are not included. See p 96 for full overview of the Board.
3) Group Executive Committee as per 31/12/2021. Co-opted members are not included.
4) Top Senior Management are GEC and GEC-1. New group measured starting from 2020, and thus no data was reported in 2019.

Parental leave (Sweden)	2021	2020	2019
Total (days)	82,400	79,900	84,600
Men (%)	*33*	*31*	*29*
Women (%)	*67*	*69*	*71*

New employee hires	2021	2020	2019
Total (number)	2,338	1,921	1,998
Men (%)	*49*	*49.0*	*48.6*
Women (%)	*51*	*51.0*	*51.4*
By age group			
<29 years (%)	*50*	*52*	*50*
30–39 years (%)	*33*	*31*	*32*
40–49 years (%)	*12*	*11*	*13*
50> years (%)	*4*	*6*	*5*
By region			
Sweden (%)	*41*	*49*	*35*
Estonia (%)	*5*	*5*	*6*
Latvia (%)	*17*	*16*	*16*
Lithuania (%)	*26*	*22*	*29*
Nordic countries, excl. Sweden (%)	*3*	*2*	*4*
Germany (%)	*1*	*1*	*4*
Rest of the world (%)	*7*	*4*	*6*

Employee turnover	2021	2020	2019
Total (%)	11.0	8.6	12.1
Men (%)	11.9	8.3	12.6
Women (%)	10.3	9.0	11.8
Voluntary turnover (%)[5]	9.9	7.1	10.8
By age group			
<29 years (%)	*19*	*14*	*22*
30–39 years (%)	*13*	*9*	*13*
40–49 years (%)	*8*	*6*	*9*
50> years (%)	*7*	*9*	*7*
By country-region			
Sweden (%)	*8.6*	*6.0*	*9.3*
Estonia (%)	*8.7*	*8.1*	*10.1*
Latvia (%)	*12.2*	*11.4*	*17*
Lithuania (%)	*17.6*	*13.0*	*16*
Nordic countries, excl. Sweden (%)	*9.7*	*9.1*	*6.8*
Germany (%)	*11.8*	*22.9*	*32.9*
Rest of the world (%)	*14.8*	*7.9*	*17.6*

Labour management

	2021	2020	2019
Percentage of total employees covered by collective bargaining agreements (%)[6]	75	59	59
Percentage of total employees represented and covered by EWC, Employees within EU/EEA (%)	100	100	100

5) Total number of employees leaving SEB in relation to the average number of employees during the year (excluding employees leaving due to sold operations, retirements and redundancies).
6) Increase in 2021 as Lithuania signed collective agreement.

Health and workplace

Absence	2021	2020	2019
Absentee rate, share of ordinary working hours (%)[7]	3.2	3.8	3.3
Sick-leave rate, share of ordinary working hours Sweden (%)	2.7	3.3	2.9
Men (%)	*1.7*	*2.1*	*1.8*
Women (%)	*3.8*	*4.5*	*4.0*

Health and work environment	2021	2020	2019
Share of documented annual work environment reviews (%)[8]	81	71	80
Share of employees covered by Health & Safety management system or similar (%)	100	100	100
Share of employees represented in formal Health and safety committees (%)[9]	100	100	100

Learning and engagement

Learning and development	2021	2020	2019
Average hours of training[10]			
Per employee (hours)	*23*	*15*	*16*
Men/women (hours)	*20/24*	*13/16*	*13/18*
All managers (hours)	*23*	*14*	*20*
Money invested in learning and development per employee (SEK)[10,11]	16,670	11,825	14,794
Employees participating in leadership/talent development programmes (number)[10,12]	1,493	1,444	1,896
By application men/women (number)	*533/842*	*571/781*	*1,012/770*
By nomination men/women (number)	*61/56*	*43/49*	*66/48*

Global talent review	2021	2020	2019
Total (number)[10,13]	1,942	1,639	1,785
Men (%)	*57*	*56*	*56*
Women (%)	*43*	*44*	*44*

Engagement	2021	2020	2019
Employee survey, Glint			
Employee participation rate in employee survey (%)	*90*	*91*	*92*
How happy are you working at SEB (%)	*79*	*80*	*80*
I would recommend SEB as a great place to work (%)	*79*	*80*	*79*
SEB's commitment to sustainability is genuine (%)	*78*	*79*	*79*
I have good opportunities to learn and grow at SEB (%)	*78*	*78*	*78*
Regardless of background everyone at SEB has equal opportunity to succeed (%)	*75*	*75*	*74*
People at SEB live the company values (%)	*75*	*74*	*74*

7) Only Sweden. Absentee rate includes employee sick leave and employees taking care of sick children.
8) Only Sweden. In addition, all legal entities within the EU must conduct continuous risk assessments.
9) 100 per cent within the EU. SEB follows local laws and regulations in all countries where we are present.
10) Consultants and other temporary workforce employed on contractual basis have not been included.
11) The amount for money invested in learning and development in 2020 has been adjusted related to recategorisation of suppliers and spend. Amount is now aligned with 2021 data.
12) Programmes with application: Lead with Impact, Learn 4 Growth, SEB Trainees, Tech, Boost Your Service, IMD, Leading Digital Acceleration, Change Management for Leaders, Develop your Team – Making it Last, Leadership Foundation, Starting a New Team – Get to Know Each Other, Starting a New Team – Start working together. Programmes with nomination: Wallenberg Institute, Internal Business Seminar, Artex, Advanced Specialist Programme.
13) A global talent review is performed annually within SEB.

Community engagement and sponsorship

Economic contributions to community engagement and sponsorship	2021	2020	2019
Total (SEK m)	42.4	42.9	46.6
By focus area[1]			
Entrepreneurship (SEK m)	13.5	*12.7*	*16.1*
Inclusion & Diversity (SEK m)	7.3	*5.8*	*5.8*
Equality, incl. Financial literacy (SEK m)	10.3	*10.4*	*4.0*
Environment, incl. Climate change (SEK m)	3.5	*1.4*	*0.4*
Sports and culture (SEK m)	7.1	*10.3*	*19.4*
Other community investments SEK m)	0.6	*2.3*	*6.5*
Number of people coached in entrepreneurship (number)[1]	44,666	31,274	-
Number of people trained in Inclusion & Diversity, and/or Equality (number)[1]	20,944	5,114	-
Number of people engaged in an environmental activity (number)[1]	21,345	7,132	-
By country			
Sweden (SEK m)	32.1	*33.3*	*37.2*
Estonia (SEK m)	2.9	*3.2*	*3.1*
Latvia (SEK m)	2.4	*1.7*	*2.0*
Lithuania (SEK m)	3.2	*3.2*	*2.7*
Denmark (SEK m)	0.0	*0.0*	*2.0*
Norway (SEK m)	0.6	*0.4*	*0.9*
Finland (SEK m)	0.9	*0.7*	*0.8*
Other sites (SEK m)	0.3	*0.4*	*3.3*
By type of engagement			
Employee volunteering (hours)[2]	19,932	*22,289*	*17,826*

1) In 2020 a new strategy and focus areas were initiated and implemented. Due to the coronavirus pandemic, some planned activities were cancelled, while the digital activities and meetings made it possible to reach a high number of participants.
2) Employee volunteer hours consist of total employee hours reported for each engagement. 2019 employee volunteer hours were based on total employee hours reported for each engagement, however partly estimated to get annual figures.

Innovation and entrepreneurship

Startups	2021	2020	2019
Number of greentech investments[1]	4	0	0
Number of venture debt investments[2]	4	1	0
Number of fintech investments[3]	13	12	8
Number of startups[4]	18,778	17,399	16,628

Greenhouse concept[5]	2021	2020	2019
Number of clients participating in Scaleup Summit (event)	1,875	718	500
Number of clients participating in Scaleup Club (event)	900	5,000	600
Number of companies participating in Scaleup Lab (10 week programme)[6]	1	-	13
Number of clients participating in Sustainability business programme	10	8	-

1) Innovative technologies and/or companies primarily dedicated to: a) reducing GHG (green-house gas) emissions, and/or b) enabling a sustainable economy within the Planetary Boundaries (as defined by Stockholm Resiliance Center).
2) SEB venture debt refers to debt investments in start up / scale-up companies in SEB's home markets.
3) The purpose of the investment mandate is to make investments in companies in the financial technology (fintech) sector and other related sectors of the financial industry.
4) Startup is defined as a company that has no previous organisational number or activity registered, but is classified as a payment customer.
5) The Greenhouse concept is a solution for growing companies with sales of around SEK 10m or more. SEB offers services and carefully selected partners to help develop the business.
6) Previous programme format transferred for individual partner-offering. ("Greenhouse Ignite") – due to the coronavirus pandemic this has been delayed and started in Q4 2021.

Environment

General indicators	2021	2020	2019
Net internal m² area of offices covered[1]	347,352	335,564	329,761

Energy	2021	2020	2019
Total energy consumption in buildings (MWh)[1]	72,083	64,705	67,478
Electricity total (MWh)[1]	*42,904*	*43,481*	*47,609*
Heating/cooling (MWh)[1,2]	*29,179*	*21,225*	*19,869*
Change in total electricity consumption compared to previous year (MWh)[1]	– 577	−4,128	−9,159
Data centres, share of electricity consumption (%)[1]	34	37	32
Change in total electricity consumption compared to previous year (%)[1]	– 1	−9	−16
Renewable electricity of total electricity consumption (%)[1]	91	91	87
Total energy consumption (MWh/ m²)[1]	0.21	0.19	0.20
Total energy consumption (MWh/employee)[3]	4.4	4.0	4.3

Emissions[4]	2021	2020	2019
Total carbon emissions (tonnes)[1]	9,389	9,734	21,774
Scope 1 (tonnes)	*1*	*1*	*4*
Scope 2 (tonnes)	*2,852*	*1,619*	*1,807*
Scope 3 (tonnes)	*6,536*	*8,114*	*19,963*
of which, carbon emissions from energy consumption in buildings (tonnes)[1,5]	*3,352*	*3,505*	*4,968*
of which, carbon emissions from business travel (tonnes)	*1,050*	*2,471*	*12,426*
of which, carbon emissions from paper consumption (tonnes)	*882*	*1,160*	*1,361*
of which, carbon emissions from company cars (tonnes)[1]	*908*	*978*	*1,208*
of which, carbon emissions from waste (tonnes)[6]	*344*		
Total carbon emissions (tonnes/employee)[1,3]	0.57	0.61	1.39
Change in carbon emissions from baseline 2015 (tonnes)[1]	– 13,946	−13,600	−2
Change in carbon emissions, change from baseline 2015 (%)[1]	−59.8	−58.3	−6.7

Effluents and waste	2021	2020	2019
Paper			
Total paper consumption (tonnes)	602	792	929
Environmentally labelled paper consumption (%)	*80*	*61*	*61*
Waste			
Waste generation (tonnes)	806	1,160	1,895
Waste reused or recycled (%)	*57*	*64*	*68*
Waste generation after reuse or recycling (tonnes/employee)	0.021	0.026	0.039
Water			
Total water consumption in buildings (m³)	89,307	127,202	166,249
Total water consumption (m³/employee)	5.46	7.95	10.6

1) The reported values for 2019 have been updated to reflect new information known past the reporting period.
2) Heating MWh increase due to multiple offices in the Baltics during a transition phase.
3) Reference to note 8e "Number of employees".
4) SEB reports according to the Greenhouse Gas Protocol. SEB has chosen to report according to the GHG Protocol's financial control approach. Whether SEB owns, has financial leased or operational leased facilities and vehicles impact whether emissions are disclosed in Scope 1, Scope 2 or Scope 3. The emissions that are covered are energy consumption in facilities, business travel (air travel, train travel, car travel), paper consumption and leakage of refrigerants. Well established emissions factors are used for the emissions calculations, with sources as IEA, IVL, AIB, Swedish EPA and Swedish Energy Agency.
5) Scope 3 energy emissions adjusted for 2019 and 2020 as breakdown from 2021 only contain Scope 3 emissions.
6) CO_2 emissions from waste reported from 2021.

Business travel & company car fleet	2021	2020	2019
Total business travel (million km)	6.6	14.8	72.6
Total business travel (km/employee)	405	923	4,625
Total air travel (million km)	5.7	13.2	67.0
Train travel Sweden (million km)	1.0	1.6	5.5
Environmentally certified company cars, share of company car fleet (%)[1,7]	-	62	57
Environmentally certified company cars, share of company car fleet (%)[8]	43	-	-

Environmental compliance	2021	2020	2019
Number of reported environmental prosecutions	0	0	0
Monetary value of significant fines due to non-compliance with environmental laws and regulations (SEK m)	0	0	0

1) The reported values for 2019 have been updated to reflect new information known past the reporting period.
7) Old definition, defined as cars that emit less than 130 g CO_2e/km.
8) New definition, defined as cars that emit less than 50 g CO_2e/km.

Procurement

Suppliers	2021	2020	2019
Number of suppliers	8,313	8,915	11,300
Total spent on procurement (SEK bn)	10.1	10.4	10.7
Total number of suppliers screened and rated by EcoVadis (since 2014)	232	226	224
Number of suppliers screened and rated by EcoVadis, current year	6	2	11

Rating of suppliers screened by EcoVadis[1]	2021	2020	2019
Outstanding rating 85–100p (%)	0	0	0
Advanced rating 65–85p (%)	19	15	14
Confirmed rating 45–64p (%)	57	60	60
Partial rating 25–44p (%)	24	25	26
No rating 0–24p (%)	0	0	0

1) To identify sustainability risks among our suppliers, we perform, when applicable, an initial assessment of suppliers using an internal risk model that takes country, industry sector and business criticality into account. The suppliers that are identified in the internal risk assessment as having an increased risk level will also go through EcoVadis' screening. These suppliers cover around 44 per cent of total supplier costs, i.e. around 200 of the total number of suppliers. The EcoVadis assessment focuses on four themes: Environment, Labour Practices & Human Rights, Fair Business Practices and Sustainable Procurement. The issues assessed and their relative weight vary based on the company's activities, size, and geographic location.

Country-by-country reporting – companies by country

Companies[1] within SEB Group, by country[2]

Sweden
- *Aktiv Placering AB*
- *Enskilda Kapitalförvaltning SEB AB*
- *Försäkrings AB Suecia*
- *Försäkringsaktiebolaget Skandinaviska Enskilda Captive*
- *IFA DBB AB*
- *Onyx Leasing AB*
- *Parkeringshuset Lasarettet HGB KB*
- *Repono Consulting AB*
- *Repono Holding AB*
- *SEB Förvaltnings AB*
- *SEB Internal Supplier AB*
- *SEB Investment Management AB*
- *SEB Kort Bank AB*
- *SEB Life and Pension Holding AB*
- *SEB Pension och Försäkring AB*
- *SEB Portföljförvaltnings AB*
- *SEB Strategic Investments AB*
- *Skandinaviska Enskilda Banken AB (publ)*
- *Skandinaviska Kreditaktiebolaget*
- *Suecia Insurance Management AB*

Norway
- *Skandinaviska Enskilda Banken AB (publ), branch in Norway (P.E.)*
- *SEB Kort Bank AB, branch in Norway (P.E.)*
- *SEB Njord AS*

Denmark
- *Skandinaviska Enskilda Banken AB (publ), branch in Denmark (P.E.)*
- *SEB Kort Bank AB, branch in Denmark (P.E.)*
- *SEB Investment Management AB, branch in Denmark (P.E.)*

Finland
- *Skandinaviska Enskilda Banken AB (publ), branch in Finland (P.E.)*
- *SEB Kort Bank AB, branch in Finland (P.E.)*
- *SEB Leasing Oy*
- *SEB Life International Assurance Company Designated Activity Company, branch in Finland (P.E.)*
- *SEB Investment Management AB, branch in Finland (P.E.)*

Estonia
- *SEB Life and Pension Baltic SE, branch in Estonia (P.E.)*
- *Aktsiaselts SEB Liising*
- *Aktiaselts SEB Varahaldus*
- *AS Rentacar*
- *AS SEB Pank*

Latvia
- *Skandinaviska Enskilda Banken AB (publ), branch in Latvia (P.E.)*
- *SEB atklātais pensiju fonds, AS*
- *SEB banka, AS*
- *SEB Life and Pension Baltic SE*
- *SEB līzings, SIA*
- *IP AS SEB Investment Management*

Lithuania
- *AB SEB Bankas*
- *Skandinaviska Enskilda Banken AB (publ), branch in Lithuania (P.E.)*
- *SEB Life and Pension Baltic SE, branch in Lithuania (P.E.)*
- *UAB SEB investiciju valdymas*

Germany
- *FVH Frankfurter Vermögens-Holding GmbH*
- *Skandinaviska Enskilda Banken AB (publ), branch in Germany (P.E.)*
- *DSK Hyp AG*
- *SEB Immowert Beteiligungs GmbH*
- *SEB Leasing GmbH*
- *SEB Stiftung GmbH*

United Kingdom
- *Skandinaviska Enskilda Banken AB (publ), branch in the United Kingdom (P.E.)*
- *SEB UK Pension Trustees Limited*
- *Skandinaviska Enskilda Limited*
- *Suecia Re & Marine Insurance Co Limited*
- *EFL Futures Limited*
- *Enskilda Securities Limited*
- *Scandinavian Bank Limited*

USA
- *Skandinaviska Enskilda Banken AB (publ), branch in the United States of America (P.E.)*
- *SEB Securities Inc.*
- *Suecia Holding Corporation*
- *Suecia Insurance Company*

Ireland
- *Eskimo (ABC) Holdings Limited*
- *SEB Life International Assurance Company Designated Activity Company*

Luxembourg
- *Skandinaviska Enskilda Banken AB (publ), branch in Luxembourg (P.E.)*
- *SEB Life International Assurance Company Designated Activity Company, branch in Luxembourg (P.E.)*
- *SEB Investment Management AB, branch in Luxembourg (P.E.)*
- *SEB Private Equity Opportunity Management S.A.*

China
- *Skandinaviska Enskilda Banken AB (publ), branch in China (P.E.)*

Singapore
- *Skandinaviska Enskilda Banken AB (publ), branch in Singapore (P.E.)*

Russia
- *SEB Bank JSC*

Poland
- *Skandinaviska Enskilda Banken AB (publ), branch in Poland (P.E.)*
- *SEB Commercial Finance sp. z o.o.*

Hong Kong
- *Skandinaviska Enskilda Banken AB (publ), branch in Hong Kong (P.E.)*

Ukraine
- *PJCS SEB Corporate Bank*

Cayman Islands
- *Skandinaviska Enskilda Banken AB (publ), branch in Cayman Islands (P.E.)*

Brazil
- *SEB do Brasil Representações*

Canada
- *Suecia Reinsurance Company*

1) Country refers to the tax jurisdiction where the entities are resident for tax purposes.
2) Company refers to company, branch office or any other entity type being a tax subject in a tax jurisdiction.

Country-by-country reporting – company income tax by country

Company income tax, by country

Country[1]	Number of employees	Tangible assets[2]	Gross income, third-party[3]	Gross income, group[4]	Operating profit[5]	Calculated company income tax[6]	Tax effect relating to not tax deductible expenses / non-taxable income, net	Tax effect relating to a previously recognised / unrecognised tax loss / tax credit, net	Current year company income tax[7]	Company income tax, paid [8]
Sweden	8,440	670	53,582	–7,850	19,289	–3,978	677	–550	–3,850	–3,169
Norway	369	40	1,877	2,177	1,699	–447	31		–416	–36
Denmark	327	4	1,060	1,634	1,405	–310	–21	–3	–334	–312
Finland	272	37	414	1,206	1,311	–254	–2	20	–236	–172
Estonia	1,138	102	2,020	108	1,250	–146	–48		–194	–129
Latvia	1,832	63	1,203	236	738	–7	3	–15	–19	22
Lithuania	2,935	200	2,601	66	1,554	–305	21	–10	–294	–259
Germany	241	3	638	1,724	1,546	–474	28		–446	–358
United Kingdom	99	48	769	1,320	939	–252	3		–249	–233
United States[9]	32	3	444	518	262	–83	53		–30	–17
Ireland	95	2	574	20	243	–21	–4		–25	–20
Luxembourg	159	6	779	316	234	–46	2		–44	–99
China	40	4	430	1	101	–26	–16		–42	–68
Singapore	90	2	229	292	138	–24	–3		–27	–29
Russia	87	21	353	21	93	–26			–26	–25
Poland	120	7	56	64	46	–9	–1		–10	–6
Hong Kong	19	1	31	83	6	–1	–9		–11	–14
Ukraine	52	1	63	–7	10	–3	0		–3	–3
Brazil										
Canada										
Group eliminations			–618	–1,930	1					
TOTAL	**16,347**	**1,212**	**66,506**	**0**	**30,864**	**–6,413**	**715**	**–558**	**–6,255**	**–4,927**

The primary activities in the group entities, regardless of country, are finance and insurance activities.
The above information covers the reporting period 2021. Additional information, compared to financial note 3, is based on GRI 207-4 reporting requirements.
1) Country refers to the tax jurisdiction, where the SEB Group entities are resident for tax purposes.
2) Tangible assets other than cash and cash equivalents (i.e. properties and equipment).
3) Gross income, third party, refers to transactions with group external parties. Gross income is defined as the sum of interst income, fee and commission income, net financial income and net other income according to IFRS. The basis for the income allocation is SEB's presence in each country, with the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.
4) Gross income, group, refers to transactions with group units in other tax jurisdictions.
5) Operating profit before tax.
6) Calculated corporate income tax at statutory rate in respective tax jurisdiction.
7) Corporate income tax refers to corporate current income tax, excluding deferred tax, reported during reporting period. For more information about taxes see note 15.
8) Income tax paid refers to corporate current income tax, excluding deferred tax, paid during the year.

SEB's approach to taxes

Operating in more than 20 countries, SEB acknowledges the changing landscape around tax from both regulators and society and puts strong efforts into ensuring compliance with applicable tax laws and regulations in all countries where SEB operates. SEB strives to have high standards for tax governance, monitoring risks and ensuring tax compliance.

SEB's approach to tax is described in the SEB Group Code of Conduct and SEB Group Tax Policy (see sebgroup.com), SEB's United Kingdom Tax Strategy, Transfer Pricing Policy and additional policies and instructions established for significant areas such as VAT, FATCA and CRS.

The SEB Group Tax Policy is adopted by the Board of Directors and is reviewed annually. The CFO is responsible for financial control, including the control environment and governance in the SEB Group, which includes tax activities. A Tax and Accounting Committee, including the CFO and the Head of Group Tax, analyses important tax issues for SEB raised by the Board of Directors, the CFO, Group Tax, business areas or external parties, on a quarterly basis.

In line with SEB's efforts to have high tax standards, SEB has implemented several controls within SEB's ICFR (Internal Control over Financial Reporting) framework, which is overseen by the Audit and Compliance Committee of the SEB Board. This means that controls over the data that underlies financial and tax reporting, and controls over reporting processes, are regularly reviewed. Identified weaknesses are prioritised and fed back into a process of continuous improvement.

SEB's risk management processes include a New Product Approval Process focussed on identifying and managing risks related to new or amended products. The tax department is represented in this process. The range of issues considered includes taxation matters in order to ensure tax compliance. The level of acceptable tax risk in SEB is low. Significant potential tax risks are reported to the Tax and Accounting Committee.

Products and services offered by SEB impact the tax situation for SEB and its customers and must always have business rationale. SEB operates in accordance with applicable tax laws and regulations. SEB must not use, encourage or facilitate products or services in conflict with tax legislation or anti-tax avoidance law. SEB must not co-operate with external parties to facilitate products or services in conflict with tax legislation or anti-tax avoidance law. SEB works actively with risk assessments, frameworks and controls in order to ensure compliance.

Wherever SEB operates, SEB seeks to establish and maintain good relationships with local tax authorities and other governmental bodies. SEB undertakes all dealings with them in a professional, transparent and timely manner, both when it comes to SEB's own tax matters and in reporting obligations regarding customers.

If tax regulations differ between countries/localities, SEB transparently seeks a globally acceptable solution in dialogue with the governments and tax authorities of each country. SEB also encourages the development of an international framework for taxation in order to avoid double taxation.

SEB is committed to meet the heightened expectations on transparency in respect of its tax management, and continuously works to improve the scope of its communication around tax. Guidance from national tax authorities and international organisations like the OECD is important.

SEB is also committed to fulfil its reporting obligations to tax authorities, relating to both corporate and customer information. This covers local reporting and adherence to third party requests as well as international exchange of information according to multilateral Convention on Mutual Administrative Assistance in Tax Matters, CRS (Common Reporting Standard), FATCA (Foreign Accounts Tax Compliance Act) and DAC6 (Directive on Administrative Cooperation).

If an employee discovers possible unethical or unlawful behaviour, this can be reported anonymously through SEB's digital whistleblowing service WhistleB. Alternatively, Group Compliance or Internal Audit can be contacted directly.

SEB is a member of the Swedish Bankers' Association, which represents banks and financial institutions established in Sweden. One part of this association's work is to ensure good quality in proposed tax legislation, but also to advocate in public for reasonable tax treatment of banks and financial institutions.

GRI Index

GRI 101: Foundation 2016

The report has been prepared in accordance with the Global Reporting Initiative, GRI Standards, Core option. EY has been engaged to undertake a limited assurance on SEB's Sustainability report, prepared in accordance with the Annual Accounts Act and the GRI reporting criteria.
Page references are abbreviated as follows:
FC – Front cover of SEB Annual & Sustainability Report 2021
BC – Back cover of SEB Annual & Sustainability Report 2021

GRI 102: General Disclosures 2016

Disclosure	Description	Page reference/URL
Organizational profile		
102-1	Name of the organisation	Skandinaviska Enskilda Banken AB (publ)
102-2	Activities, brands, products and services	SEB offers advisory-driven commercial and investment banking services, acting as intermediary between Nordic and global financial markets for our large corporate customers and financial institutions. SEB provides bank services for small and medium sized companies, the public sectors and to private individuals as well as private banking services with global reach. The group also provides asset management and life insurance services. For examples of products and services offered to our customers, p. 30–31, our division offerings p. 80–82. For examples of more sustainability-related products, p. 48–51.
102-3	Location of headquarters	Stockholm, Sweden, p. 118.
102-4	Location of operations	P. 118, 220.
102-5	Ownership and legal form	The parent company is a Swedish limited liability company, p. 118.
102-6	Markets served	P. 3.
102-7	Scale of the organisation	Total number of employees: p. 142, 214. Total number of operations: p. 127–128 (Operating segments), p. 129 (Geographical information). Net sales: p. 109 (Income statement), p. 130–133 Net interest - / Net fee and commission - / Net financial - / Net other income. Total capitalization: p. 115 (Balance sheet total), p. 74–77 (Financial structure). Examples of products and services: p. 30–31, 80–82.
102-8	Information on employees	Sustainability Notes p. 214–216 (Our people). The data has been compiled through our internal HR system.
102-9	Supply chain	P. 59 (Working with suppliers), Sustainability Notes p. 219.
102-10	Significant changes to the organisation and its supply chain	No significant changes.
102-11	Precautionary principle or approach	P. 86–91 (Risk, liquidity and capital management).
102-12	External initiatives, standards and principles	Sustainability Report p. 45, 49, 57.
102-13	Membership of associations	Some examples of memberships are UNEPFI, Swedish Bankers´ Association, Swedish Securities Market Association, ICC, Institute of International Banking Law & Practice, Bankers´ association for Finance and Trade, Swedish Leadership for Sustainable Development, Swedish Investors for Sustainable Development, Swedish Insurance Society, Swedish Investment Fund Association, IIF and European Banking Federation.

GRI 102: General Disclosures 2016

Disclosure	Description	Page reference/URL
Strategy		
102-14	Statement from senior decisionmaker	Statement from the Chair and statement from the President p. 6–9.
102-15	Key impacts, risks and opportunities	P. 64–68 (Sustainability Report) and p. 86–91 (Risk, liquidity and capital management).
Ethics and integrity		
102-16	Company values, principles, standards and norms of behaviour; SEB Code of Conduct	Core values: p. 35. Risk culture: p. 89. Norms of behaviour: SEB Code of Conduct p. 54(Sustainability report).
Governance		
102-18	Governance structure	Corporate governance p. 92–104, Sustainability governance, including steering documents for sustainability p. 56.
Stakeholder engagement		
102-40	List of stakeholder groups	Customers, employees, shareholders and society at large, see front cover of SEB Annual and Sustainability Report, and p. 24–25.
102-41	Collective bargaining agreements	Sustainability Notes p. 215 (Labour management). European works council representatives p. 53.
102-42	Identifying and selecting stakeholders	P. 59 (Engaging with stakeholders).
102-43	Approach to stakeholder engagement	P. 59 (Engaging with stakeholders).
102-44	Key topics and concerns raised	P. 59 (Engaging with stakeholders).
Reporting practice		
102-45	Entities included in the consolidated financial statements	The report cover all entities included in the SEB Group, p. 220.
102-46	Defining report content and topic Boundaries	The report content comprises SEB Group if nothing else is stated, see p. 69, 220. No significant changes in scope and boundaries since previous report.
102-47	List of material topics	P. 44, 224 (Material topics and its boundaries).
102-48	Restatements of information	Restatements are described in conjunction with each adjustment.
102-49	Changes in reporting	GRI 207 Tax has been added to the sustainable notes.
102-50	Reporting period	The reporting period corresponds to the reporting period of the annual report.
102-51	Date of most recent report	The previous report was published in March 2021.
102-52	Reporting cycle	P. 69 (About this report).
102-53	Contact point for questions regarding the report	P. 69 (About this report).
102-54	Claims of reporting in accordance with the GRI Standards	P. 69 (About this report).
102-55	GRI content index	P. 222–227.
102-56	External assurance	P. 69 (About this report).

GRI 103: Management Approach 2016

Disclosure	Description	
103-1	Explanation of the material topic and its boundaries	The integration of economic, social and environmental aspects in SEB's business is fundamental. The sustainability topics of importance for SEB, as identified in previously performed materiality analyses and through continuous interaction with stakeholders, remains valid, p. 59. The material topics are areas where we, through our core business, have the best opportunities to impact. The areas are climate and environment, human rights, social relations and anti-corruption. Through our business we strive to reorient capital flow to support sustainable purposes, in line with the bank's vision and strategy and with the UN SDGs and Paris Agreement as guiding principles, p. 45–47. Read more about the material topics and fundamental aspects which enables the business to create positive impact on sustainability: Sustainable financing (p. 47, 48–49, 210) Sustainable investments (p. 47, 50–51, 210) Innovation and entrepreneurship (p. 22–23, 40–41, 47, 217) People and Competence (p. 26, 34–35, 47, 52–53, 214–216) Environment (p. 47, 55, 60–69, 218–219) Financial strength and resilience (p. 25, 27, 90–91, 209) Risk management (p. 60–68, 86–90) Business ethics and conducts (p. 25, 35, 54, 89–90, 92, 100) Crime prevention (p. 14, 23, 54, 59, 92, 100, 182, 212–213) SEB considers environment to be a material topic, especially with regards to the environmental impact from our products and services, i.e. with regards to sustainable finance and sustainable investments. See p. 48–69. Our own direct environmental impact may not be of major impact but is nevertheless considered to be material to some extent. See p. 47, 218, 219. SEB has a direct and indirect impact on stakeholders, p. 59. Most of the impact is indirect from our financing – investment – and advisory products and services, but some impact is direct, such as our people, p. 34–35. We continuously enhance processes and ways of working, defining and integrating sustainability risks and strategies. We strive to avoid causing, contributing or being directly linked to negative impacts on people and environment for our activities, products and services. In 2021 SEB's impact assessment work has focused on climate issues, primarily indirect climate impact related to financing and investments, in geographies where SEB is operating. The impact analysis will be extended to include also social and governance issues.
103-2	The management approach and its components	All material topics are managed in the same way as all of SEB's activities, i.e. through management, control and follow-up according to our corporate governance structure (p. 92–95). SEB has further strengthened the sustainability organisation and governance structure (p. 56) for a comprehensive approach and focused progress from a strategic and business perspective. The sustainability material topics and aspects are managed by integrating the material aspects into our business activities. The purpose of the management approach, i.e. managing the material topics and impacts, is our ambition to support our customers in the transition to a low-carbon economy, whereby contributing to a climate-resilient economy and society. Several steering documents, which covers the material topics, provides guidelines for best practice as well as for international conventions and standards. They are part of our work to strengthen operations and align with international and national requirements and which we encourage companies to follow. See p. 45, 49, 57–58, 63–65 (policy framework, position statements, sector policies, international agreements and commitments). SEB Corporate Sustainability Policy describes our sustainability organisation and governance model with established responsibilities (p. 56). Sustainability is integrated in SEB´s core business, with sustainability competence, related procedures and controls implemented to ensure adherence to sustainability objectives, strategy and policies. Commitments and targets for SEB Group are followed up on a regular basis. For baseline and expected result, see p. 47. Grievance mechanisms are implemented through a whistleblowing process, see p. 54 (Business ethics and conduct) and p. 90 (Risk, liquidity and capital management). For examples of specific actions that have been taken during the year, see the following pages for relevant material topics: An updated sustainability strategy was communicated and new ambitions and goals was defined, p. 46. Establishment of the Next Awards in recognition of sustainable entrepreneurship, p. 40. A new crime prevention function was established to further strengthen the work to prevent financial crime, p. 14. Further development of advisory-, classification tools and products to support sustainable investments and transition for our clients, p, 48, 63, 66–68. SEB Investment management launched a sustainability rating model for potential investments, p. 50. Launch of new green and thematic funds, p. 51. A sustainability training for advisors was launched, p. 52. New policies on Customer Data Ethics and Anti-Corruption was adopted, p. 54. Improved measuring of SEBs direct environmental impacts, p. 55. Review and update of sector polices, p. 57. Strengthening the supplier screening in Group technology, p. 59.
103-3	Evaluation of the management approach	The responsibilities for managing risks and ensuring satisfactory internal controls related to the sustainability material topics and aspects are the same as for all SEB activities, see Corporate Governance p 80–95, and Sustainability Governance structure p. 45. The Corporate Sustainability Policy and Corporate Sustainability Governance instruction outlines the framework and governance model for the sustainability work in SEB. The responsibilities of the board and the president can be found on p. 92–104 Corporate Governance) p. 56 (Sustainability Governance). Management at all levels within the divisions, the Group's business support and staff functions represent the first line of defence for risks in the organisation. The Group Risk organisation and Group Compliance form the second line of defence for ensuring that the Board's intent regarding risk management and risk controls are applied. Group Internal Audit provides independent assurance and is the third line of defence. The performance against SEB goals and targets related to the material topics are disclosed in the Sustainability report (p. 47). Measurement of indicators related to fundamental aspects are disclosed in Sustainability notes, p. 208–221.

GRI 200: Economic topics

Disclosure	Description	Material topic	Page reference/URL
GRI 201: Economic performance 2016			
201-1	Direct economic value generated	Financial strength and resilience	P. 209 (Financial strength and resilience).
201-2	Financial implications and other risks and opportunities due to climate change	Risk management	P. 60–69 (Sustainability report, climate risk, climate impact).
GRI 205: Anti-Corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Crime prevention	P. 14, 23, 54, 59, 92, 100, 182, 212–213.
GRI 207: Tax 2019			
207-1	Approach to tax	Financial strength and resilience	SEB's approach to tax, p. 221.
207-2	Tax governance, control and risk management		SEB's approach to tax, p. 221.
207-3	Stakeholder engagement and management of concerns		SEB's approach to tax, p. 221.
207-4	Country-by-country reporting		Country-by-country reporting – companies by country p. 220. Country-by-country reporting – corporate income tax by country p. 221.

GRI 300: Environmental topics

Disclosure	Description	Material topic	Page reference/URL
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Direct Environment	Sustainability notes p. 218–219 (Environment).
GRI 305: Emissions 2016			
305-1	Scope 1		Sustainability notes p. 218.
305-2	Scope 2		Sustainability notes p. 218.
305-3	Scope 3		Sustainability notes p. 218.
305-4	GHG emissions intensity		Sustainability notes p. 218.
305-5	Reduction of GHG emissions	Direct environment	Sustainability notes p. 218–219 (Environment), p. 47 (Goals and outcome) The decrease in CO_2 emissions continued during 2021, still impacted by the coronavirus pandemic.
GRI 306: Effluents and Waste 2016			
306-2	Waste by type and disposal method	Direct environment	Sustainability notes p. 218 (Environment).
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Direct/Indirect environment	Sustainability notes p. 219 (Environment).

GRI 400: Social topics

Disclosure	Description	Material topic	Page reference/URL
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Our People	Sustainability notes p. 215 (New employee hires, Employee turnover).
401-3	Parental leave	Our People	Sustainability notes p. 215 (Number of days split by men/women).
GRI 402: Labour/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Our People	Consultation procedures are outlined in both local collective agreements and the Swedish Co-Determination Act. Consultations with local trade unions shall be conducted prior any significant changes of operations.
GRI 403: Occupational health and safety 2016			
403-4	Workers participation, consultation and communication on occupational health and safety	Our People	Sustainability notes p. 216 (Health and work environment).
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Our People	Sustainability notes p. 216 (Learning and engagement).
GRI 405: Diversity and Equal opportunity 2016			
405-1	Diversity of governance bodies and employees	Our People	Sustainability notes p. 214 (Employee information), p. 34 (Diversity for innovation and growth), p. 47 (Goals and outcome).
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that are screened using social criteria	Procurement	New suppliers that are identified with increased risk level are screened by EcoVadis. Sutainability notes p. 219 (Procurement).
GRI 415: Public Policy 2016			
415-1	Political contributions	Financial strength and resilience	SEB does not support political parties through donations or otherwise, see Code of Conduct p. 7 at sebgroup.com.
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Crime prevention	**During 2021** No substantiated complaints from regulatory bodies or customers regarding breaches of customer privacy or losses of customer data. The total numbers of identified breaches in the whole group reported to the Supervising Authorities was 30. **During 2020** SEB did not receive any substantiated complaints from regulatory bodies regarding breaches of customer privacy and losses of customer data. SEB received no complaints from customers regarding breaches of customer privacy and the total number of identified breaches reported to the Supervising Authorities was 56. Included in the total number of breaches are incidents reported to Baltic Authorities that, due to stricter regulatory requirements, may not be breaches of GDPR. **During 2019** No substantiated complaints from regulatory bodies, two customer complaints on breach of customer privacy, and 56 identified breaches of customer data.

Other disclosures

Disclosure	Description	Material topic	Page reference/URL
G4 – Product portfolio	**Scope Product portfolio**		
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose (excluding asset management)	Sustainable finance	P. 47 (Goals and outcome), p. 48–49 (Sustainable financing), p. 210 (Sustainable financing).
G4- Active Ownership	**Scope Active Ownership**		
G4-FS10	Number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Sustainable investments	P. 211 (Influence and engagement).
G4- Active Ownership	**Scope Active Ownership**		
G4- FS11	Percentage of assets subject to positive and negative environmental or social screening	Sustainable investments	P. 50–51 (Sustainable investments), p. 211 (Sustainability approach, Human Rights assessment).
SEB's own disclosure 1	**Scope 1**		
	Percentage of SEB funds assessed with sustainability criteria	Sustainable investments	P. 211 (Sustainability approach).
SEB's own disclosure 2	**Scope 2**		
	Contribution to entrepreneurial and innovation partnerships	Innovation and entrepreneurship	P. 23 (Strategic change, Strategic partnerships), p. 40 (Sustainable entrepreneurship, p. 217 (Innovation and entrepreneurship, Community engagement and sponsorship).
SEB's own disclosure 3	**Scope 3**		
	Measurement of customer experience and satisfaction	Responsible and proactive advice	P. 26, 30–33 (Customers).

Principles for Responsible Banking Reporting and Self-Assessment Template

The table below is SEB's second report as a signatory to the Principles for Responsible Banking. In the report we provide our self-assessment in relation to the principles, and provide references to our existing reporting in the SEB Annual and Sustainability Report 2021. The information provided in the PRB report is included in the GRI report, which is covered by the limited review performed by SEB's auditor EY.

Reporting and Self-Assessment Requirements	High-level summary of the bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to the bank's full response/relevant information
Principle 1: Alignment *SEB will align its business strategy to be consistent with, and contribute to corporates' and individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.*		
1.1 Description of business model	Being part of the financial backbone of society, providing support, advice and capital to businesses and private individuals. SEB is a northern European financial institution, providing infrastructure for payments and transactions, financing and savings solutions, wealth management, financial advice and life insurance. SEB serves large corporations and financial institutions in its home markets in Sweden, the Nordic and Baltic countries, Germany, and UK, but also through our international presence. We provide advisory-driven commercial and investment banking services, investment opportunities for pension funds and other investors, and life insurance solutions, across a broad spectrum of industries. 69 per cent of SEB's non-bank credit portfolio pertains to corporate customers; by segment approximately 49 per cent large corporations and financial institutions, 20 per cent SMEs, or by geography 53 per cent in Sweden and other Nordic countries, 10 per cent in Germany and UK, 6 per cent in the Baltics and other countries. SEB will expand its business for large customers to the Netherlands, Austria and Switzerland. SEB also serves private individuals and small- and medium size companies in Sweden. The Nordic and the Baltic countries are served with universal banking services, life insurance solutions, asset management/investment products and card, private banking and advisory services. 28 per cent of SEB's non-bank credit portfolio pertains to households, mainly mortgages: by geography 54 per cent in Sweden and other Nordic countries, 3 per cent in the Baltics. The remaining part, 3 per cent, pertains to public administration, mainly in Sweden.	→ See SEB Annual and Sustainability Report 2021: p. 12–13 (A strategy of embracing change) p. 24–25 (Long-term value creation) p. 29–31 (Our four customer segments) p. 165 (Credit portfolio distributed on sectors)
1.2 Description of the business strategy	SEB is committed to aligning its strategy to international goals such as the UN Sustainable Development Goals (SDGs) and the Paris Agreement. In 2021 SEB presented and updated its sustainability strategy, outlining the bank's role in the transition towards a sustainable society. The strategy is integrated in the business plan 2022–2024 and is a cornerstone of SEB's 2030 Strategy. SEB as a financial institution, providing financing and investment opportunities, has identified that its main contribution to the SDGs is by supporting customers in their transition. Through our business in sustainable financing and investments, advisory services, innovation and people, we serve our customers and strive to reorient capital flows to support sustainable purposes, in line with the SEB's vision and strategy and with the UN SDGs, Paris Agreement and EU Action Plan as guiding principles and frameworks. SEB's sustainability strategy sets out the areas where we believe we can create sustainable short- medium- and long-term value for our stakeholders by aligning financing and investment with the UN SDGs and the Paris Agreement. These areas include climate and environment, human rights, social relations and anti-corruption. From an SEB Group perspective we prioritise five of the SDGs that are clearly linked to our business strategy and our sustainability ambitions: SDG 13 Climate action, SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 16 Peace, justice and strong institutions, SDG 5 Gender equality. These are tightly linked to our business strategy and sustainability work. → Read also on p. 45 and the PRB Impact Analysis 2.1 SEB's climate change approach is integrated in the bank's overall business strategy and is articulated around three areas: support our customers on their transition journeys toward a low-carbon economy, manage the bank's climate impact (direct and indirect), and manage climate-related risks. As a long-term financial partner to many of the large corporations and institutions in the Nordic region and a major asset manager, SEB is uniquely positioned to contribute to the transition towards a low-carbon society.	→ See SEB Annual and Sustainability Report 2021: p. 34–35, 52–53 (Working at SEB and People and community) p. 40–41 (SEB in society) p. 44–45 (Sustainability at SEB) p. 46–47 (Sustainability strategy and goals) p. 48–49 (Sustainable financing) p. 50–51 (Sustainable investments) p. 54–55 (Business ethics and conduct) p. 55, 60–68 (Environment/climate)

Reporting and Self-Assessment Requirements	High-level summary of the bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to the bank's full response/relevant information
Principle 2: Impact and Target Setting *SEB will work continuously to increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.*		
2.1. Impact Analysis	In 2021 SEB conducted an impact analysis in line with our commitments to the Principles for Responsible Banking, identifying the SDGs we impact the most. The analysis was performed of our credit portfolio, cross geographies, and sectors. The exposures in our credit portfolio were proportionately combined with respective sector impacts, positive and negative, on the SDGs. Based on this approach, and considering that SEB's major activities lie within northern Europe, the analysis showed that the areas where SEB's exposure has a potential negative impact are climate change (SDG 13), biodiversity (SDG 14 and SDG 15) and fresh water (SDG 6). In these areas SEB's commitments and engagements are particularly relevant. The areas with the most significant positive impact were for example, Decent work and economic growth (SDG 8), and Industry, innovation and infrastructure (SDG 9). Our corporate credit portfolio, in our home markets has large exposure sectors such as real estate 22 per cent, capital goods 9 per cent, transportation 8 per cent, automotive 4 per cent, conventional/mixed power generation 5 per cent and oil & gas 3 per cent. Among the products that SEB offers are green bonds, social bonds, sustainable bonds, sustainability-linked bonds, green loans and sustainability-linked loans. We experienced an increased demand for these products and services from our corporate customers during 2021. → See more details in the Clients and customers section 3.1 and 3.2. Green mortgages are offered to private customers with homes that meet specific energy or environmental classification. The same criteria apply when financing construction of residential and commercial properties (green construction loans). SEB also offers green loans for the purpose of financing and/or refinancing projects promoting the transition to low-carbon and climate-friendly development, as well as improvements to the environment and eco-systems. SEB's goal is to reduce the fossil credit exposure within the bank's energy portfolio, which includes power generation and distribution. → See more details in the Target Setting section 2.2.	→ See SEB Annual and Sustainability Report 2021: p. 44–45 (Sustainability at SEB) p. 46–47 (Strategy and goals) p. 48–49 (Sustainable financing) p. 55 (Environment) p. 60–68 (Environment/climate) p. 61 (Break-down of SEB's corporate and real estate credit portfolio reflecting the sector's carbon footprint)
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
In 2021, SEB conducted an impact analysis in line with our commitments to the Principles for Responsible Banking on which SDGs we impact the most through our exposure in the credit portfolio.		
2.2. Target Setting	In 2021 SEB presented an updated sustainability strategy, outlining the bank's role in the transition towards a sustainable society. Key elements in the sustainability strategy, are the new goals: Carbon Exposure Index (The Brown), Sustainability Activity Index (The Green) and the Transition Ratio (The Future). These goals will allow us to measure SEB's positive impacts both short- and long-term, and our negative impacts through our credit portfolio. *Carbon Exposure Index – The Brown (SDG 13):* SEB's goal is to reduce the fossil fuel credit exposure in the bank's energy portfolio, which includes power generation and distribution (by >30 per cent), oil and gas exploration and production (by >70 per cent) and refining and distribution (by >30 percent), for combined reduction of 45–60 per cent by 2030 compared with a 2019 baseline. *Sustainability Activity Index – The Green (SDGs 13 and 8):* This index is a volume-based metric that captures our sustainability activity in sustainable financing, sustainable finance advisory, greentech venture capital investments, and investment products (AuM) classified according to EU Sustainable Finance Disclosure Regulation Article 9. The goal is to increase the average volume-based activity 6–8 times by 2030. *Transition Ratio – The Future (SDG 13):* We will transition together with our customers as reflected in a Transition Ratio, which is a ratio based on our internal Customer Sustainability Classification Model, CSC model (see 2.3). This means that we are assessing our customers' climate impact and alignment towards the goals set out in the Paris Agreement, by classifying our credit portfolio. Baseline will be defined in 2022. → See more details around the CSC Model in the Plans for target implementation and monitoring section 2.3. SEB became a founding signatory of the Net-Zero Banking Alliance in 2021, and we are in the process of defining targets for carbon emissions reduction accordingly. These targets will be developed during 2022. *SEB's direct CO_2 emissions target (SDG 13):* SEB's goal is to reduce the bank's direct climate impact by limiting emissions to 17,000 tonnes ±5 percent by 2025. We aim to reduce absolute emissions of greenhouse gases from energy consumption, use of paper, company cars and business travel to almost zero by 2045. These targets will drive alignment of our portfolio with SDG 13 (Climate Action). *Gender equality (SDG 5):* SEB's goal is to have gender balance in senior management teams and to reach 50/50 ±10 per cent. *Business ethics and conduct (SDG 16):* SEB has seven mandatory trainings in place for employees and consultants. The goal is to increase completed trainings towards 100 per cent.	→ See SEB Annual and Sustainability Report 2021: p. 45 (SEB and the UN Sustainability Development Goals) p. 46–47 (Strategy and goals) p. 48–49 (Sustainable financing) p. 60–68 (Environment/climate)

Reporting and Self-Assessment Requirements	High-level summary of the bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to the bank's full response/relevant information
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
SEB publicly communicated new measurable climate goals during 2021. The previous communicated goals on environment, direct impact, gender equality and business ethics and conduct are still valid. The goals established are continuously monitored by the GESC (Group Executive Sustainability Committee).		
2.3. Plans for Target Implementation and Monitoring	In line with SEB's goal for the *Carbon Exposure Index (The Brown):* the goal is to reduce the fossil credit exposure within the energy portfolio with 45–60 per cent by 2030 compared with a 2019 baseline. Divisions monitor fossil-related transactions' effects on the Carbon Exposure Index in order to gradually decrease the exposure. As stated in SEB's Policy on Fossil Fuels, published in February 2021, we will phase out thermal coal mining exposures from all business relationships by 2025. Coal-fired power generation will be phased out by 2030 among companies where coal-fired revenues is above 5per cent. *Sustainability Activity Index (The Green):* SEB will continuously develop and increase its customer offerings in sustainable financing, sustainable finance advisory, greentech venture capital investments and Article 9 investment products (in line with the EU's Sustainable Finance Disclosure Regulation, SFDR). *Transition Ratio (The Future):* Understanding and assessing customers' climate impact requires tools specifically designed for such tasks. SEB has developed a Customer Sustainability Classification Model that constitutes the foundation for assessing, classifying and measuring how SEB's corporate and real estate customers, in the credit portfolio, impact the planet and people from a sustainability perspective. The two-step classification model considers both sector breakdown and customer-specific information such as transition strategies, actual climate impact based on technology used, and mitigation activities. The result enables SEB to assess to what extent customers' business activities are in line with the Paris Agreement. The methodology is based on definitions, targets and transition indicators set in the EU Taxonomy, the Paris Agreement, and EU or country-specific regulations or initiatives. To perform the assessment, SEB collects information about each customer's current emission reductions compared to a baseline year as well as its short-term (<5 years), medium-term (5–10 years) and long-term (>10 years) reduction targets. This results in four data points that reflect the customer's transition journey. When fully implemented, this model will be a key component of both business strategy and risk management and will support SEB's ambition to gradually shift its credit portfolio towards more sustainable financing, including social and governance aspects. This is monitored and reported to Group Executive Sustainability Committee, GESC. *SEB's direct CO_2 emissions target:* To reach these targets SEB will work to; improve energy efficiency of operations and buildings, use renewable energy in buildings owned or rented, reduce business travel by using alternative techniques for meetings, reduce travel-related emissions by choosing bio fuel where possible, and move to an electrified fleet of company cars.	→ See SEB Annual and Sustainability Report 2021: p. 46 (Strategy and goals) p. 61–63 (Measuring the climate impact of our credit portfolio) p. 55 (SEB's direct environmental impact)
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
SEB is integrating recently set targets in business processes and related monitoring and reporting systems. We are also developing methodologies and tools to support our dialogues with customers and stakeholders to further support the transition towards a low-carbon society.		
2.4. Progress on Implementing Targets	*Carbon Exposure Index (The Brown):* SEB introduced the goal in 2021 and will start measuring and reporting in 2022. *Sustainability Activity Index (The Green):* SEB introduced the goal in 2021 and will start measuring and reporting in 2022. *Transition Ratio (The Future):* SEB introduced the goal in 2021. Measurement of the goal is dependent on the ongoing work with classifying the credit portfolio according to the CSC model, which will be finalised during 2022. A baseline and target will be defined in connection with this. *Gender equality:* SEB's goal is to increase gender balance in senior management teams, to reach 50/50 ±10 per cent. SEB met this goal in 2021 for Top senior managers. *Business ethics and conduct:* SEB has seven mandatory trainings in place for employees and consultants. The goal is to increase completed trainings towards 100 per cent. SEB reached 95 per cent in 2021. *SEB's direct CO_2 emissions target:* SEB's direct carbon emissions are measured on an annual basis and are communicated in the Annual and Sustainability Report. SEB's total CO_2 emissions amounted to 9 387 tonnes.	→ See SEB Annual and Sustainability Report 2021: p. 61–63 (Measuring the climate impact of our credit portfolio) p. 55 (SEB's direct environmental impact) p. 47 (Strategy and goals)
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.		
SEB will measure, and publicly communicate, the outcome of the goals stated in section 2.2 regularly. Outcomes on targets as set in 2021 have been reported as per above.		

Reporting and Self-Assessment Requirements	High-level summary of the bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to the bank's full response/relevant information
Principle 3: Clients and Customers *SEB will work responsibly with its clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.*		
3.1. Policies and practices	SEB's sustainability policy framework covers the Corporate Sustainability Policy, thematic policies and sector policies. The framework provides guidelines on best practice and on the international conventions and standards that the bank encourages companies to follow. The Corporate Sustainability Policy defines the framework for sustainability in SEB and provides a governing platform for our sustainability work for all business decisions, including investment and credit decisions. SEB's thematic and sector policies primarily take a risk-based approach to address sustainability in financing and investment activities. The framework is reviewed annually in order to strengthen the business and in line with regulatory, technological and industry specific development. *Thematic policies: Environment Policy and Human Rights Policy.* *Sector policies: Arms and Defence, Forestry, Fossil Fuels, Mining and Metals, Renewable Energy, Shipping, Transportation, Tobacco and Gambling.* In 2021 the internal document, the Sustainability Policy Implementation Instruction, was decided on which guides the business in how policies should be implemented in a coherent and consistent manner. In late 2021 and early 2022 SEB conducted a major review of the Environmental Policy, covering climate change, freshwater and biodiversity, aimed to be adopted in spring 2022. In February 2022 updates were made in the policies for Forestry, Renewable Energy and Shipping. Moreover, SEB published its first Sector Policy on Transportation. Other important sustainability-related documents and policies in place are the Code of Conduct, the Code of Conduct for Suppliers, the Inclusion and Diversity Policy and the Tax Policy. In addition to policies, and in order to emphasise SEB's commitment to the Paris Agreement, one of the principles in the bank's Customer Acceptance Standards (CAS), established in 2020, is that *"customers in industries with a high negative climate impact and without a credible plan to manage the transition to a low-carbon economy in line with the Paris Agreement shall be avoided"*. To manage its credit exposure to customer segments with a material carbon footprint, the bank defines risk strategies for these sub-portfolios. The strategies are reviewed annually.	→ See SEB Annual and Sustainability Report 2021 p. 57 (Sustainability policy framework)
3.2 Encourage sustainable practices and activities	We engage in constructive and concrete dialogues about our customers' needs in relation to sustainability challenges and opportunities. The CSC model (see 2.3) is a hands-on tool for SEB's client teams that enables us to deepen our relationships and mutual understanding of our corporate customers' decarbonisation journeys. We strive to proactively offer solutions that we identify as relevant for them, based on a structured analysis. The model constitutes the foundation for assessing, classifying and measuring how SEB's corporate and real estate customers, in the credit portfolio, impact the planet and people from a sustainability perspective. To support our customers to further understand their investment portfolios' impact on sustainability aspects, SEB has developed the Impact Metric Tool. The tool consists of modules that allow measurement of environmental, social and governance (ESG) aspects of portfolio company operations at a portfolio level. SEB also provides a methodology for ESG assessment within equity research (SEAM), which analyses how these factors will have a material impact on companies' financial performance.	→ See SEB Annual and Sustainability Report 2021

<table>
<tr><th>Reporting and Self-Assessment Requirements</th><th>High-level summary of the bank's response (limited assurance required for responses to highlighted items)</th><th>Reference(s)/link(s) to the bank's full response/relevant information</th></tr>
<tr><td colspan="3">Principle 4: Stakeholders
SEB proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</td></tr>
<tr><td>4.1 Stakeholder engagement and partnerships</td><td>We engage stakeholders to ensure that we prioritise the most important issues. Among all our stakeholder groups, strong focus is on sustainability, especially on climate change.

Customers: We are convinced that we can make the greatest positive impact by being engaged in our customers' transition journeys. A proof that our customers appreciate our advisory services are the Prospera surveys, published in 2021 and 2022, focusing on banks' sustainability advice. SEB was two years in a row ranked number one by companies as well as institutions in the Nordic region. Private customers in Sweden are highly engaged in sustainability. More than 7,000 customers responded to SEB's annual sustainability survey. They highlighted climate change, clean water and sanitation and biodiversity as topics they want SEB's fund company to prioritise in its engagement work.

Employees: SEB's annual employee survey shows that the bank's employees continue to be highly engaged with strong key performance indicators (KPI) compared to the financial sector. The survey also shows that our employees share a strong belief in SEB's future and confidence in SEB's management, and that they feel they have opportunities to develop and contribute to change. The results form a strong foundation for the bank's continued work with its long-term strategy.

Society: In connection to the development of the Environmental Policy, SEB organised an external stakeholder meeting with actively engaged civil society organisations to get technical input and insights on the relevant challenges and priorities that are identified in the PRB Impact Analysis.

Through its participation in various mentoring programmes, the bank's employees reach thousands of young people throughout the country every year. We have dialogues with non-governmental organisations (NGOs), consumer advocate groups and the media through direct dialogues, local engagements, round table discussions and press conferences.

SEB is one of two European commercial banks represented in the EU Platform of Sustainable Finance, an expert group with the mandate to advise the EU Commission on development and application of the EU Taxonomy. SEB works actively with the Nordic and Baltic banking associations and their members to share the latest public information about progress and gather views regarding development of the Taxonomy.</td><td>→ See SEB Annual and Sustainability Report 2021 p. 59 (Engaging with stakeholders)</td></tr>
<tr><td colspan="3">Principle 5: Governance & Culture
SEB will implement its commitment to these Principles through effective governance and a culture of responsible banking.</td></tr>
<tr><td>5.1 Governance structure</td><td>SEB strengthened its sustainability organisation in 2020, to accelerate the pace of the transformation, set a clear and forcible structure for responsibility distribution, and to ensure that SEB's sustainability efforts address relevant issues and secure implementation across the entire company. The Board of Directors is responsible for the establishment of a strategy for corporate sustainability and an organisation to execute this strategy.

The President and CEO is responsible for execution of the corporate sustainability strategy and implementation of the governance structure. The President and CEO has established a Group Executive Sustainability Committee (GESC) to manage execution of the corporate sustainability strategy. GESC is a decision-making body that is chaired by the President and CEO and is responsible for overseeing implementation of the principles.

Sustainable Banking is a first-line, operational body that is responsible for coordinating and driving the overall corporate sustainability agenda in close collaboration with the Divisions and Group Staff and Support functions. The Chief Sustainability Officer heads the Sustainable Banking and is a member of GESC.

SEB's group policies, sector policies and position statements provide guidelines on best practice as well as on the international conventions and standards that we encourage companies to follow.</td><td>→ See SEB Annual and Sustainability Report 2021:
p. 56 (Sustainability governance)
p. 57 (Sustainability policy framework)</td></tr>
<tr><td>5.2 Initiatives and measures</td><td>We have strong focus on strengthening sustainability competence among employees. In 2021 we also introduced a sustainability training for employees working with private and medium-sized corporate customers.</td><td>→ See SEB Annual and Sustainability Report 2021:
p. 52 (People and community)</td></tr>
<tr><td>5.3 Governance Structure for Implementation of the Principles</td><td>SEB sees the importance of aligning incentive structures with its sustainability ambitions. The bank has group-wide as well as specific goals for the various divisions and units, targeting environmental, social and governance areas, for example carbon emissions, diversity and regulatory compliance.

Sustainability KPIs are integrated in the allocation process of long-term incentive structures for members of SEB's Group Executive Committee (GEC), for managers who report to the GEC as well as other applicable positions. Going forward SEB aims to integrate the bank's updated ambitions and goals into the evaluation among SEB's senior managers.</td><td>→ See SEB Annual and Sustainability Report 2021:
p. 52 (People and community)</td></tr>
<tr><td colspan="3">Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</td></tr>
<tr><td colspan="3">SEB's governance structure ensures the establishment, execution and monitoring of implementation of the sustainability strategy, thereby ensuring that the Principles are implemented effectively.</td></tr>
</table>

Reporting and Self-Assessment Requirements	High-level summary of the bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to the bank's full response/relevant information
Principle 6: Transparency & Accountability *SEB will periodically review its individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.*		
6.1 Progress on Implementing the Principles for Responsible Banking	During 2021 SEB strengthened its sustainability policy framework in multiple ways. A major revision of the Fossil Fuel Policy was performed, and updates were made in the Mining and Metals Policies. Updates will be made of the Shipping, Forestry, Renewable Energy and Transportation Policies in early 2022. The Environment Policy is also being revised during spring 2022. An internal instruction, the Sustainability Policy Implementation Instruction, started to be implemented during 2021. SEB became a signatory of the Net-Zero Banking Alliance (NZBA) in 2021, and the first reporting in accordance with that framework will take place in 2022. The Net Zero Asset Managers initiative was signed in late 2020, committing to support the goal of net zero greenhouse gas emissions by 2050. In 2021 SEB publicly announced an updated sustainability strategy, and in connection with this new ambitions and goals were communicated, which included laying out a path for the reduction of our fossil credit exposure and at the same time setting growth ambitions for our sustainable products, advisory services and investments. Our goals and ambitions are expressed as measurable indexes. As a credit institution SEB is obligated to report in accordance with the requirements of the EU Taxonomy Regulation by year-end of 2021. In addition to the mandatory taxonomy reporting, SEB has chosen to disclose voluntary taxonomy reporting for transparency reasons. In 2021 SEB improved its CDP score from D to B, a result of our sustainability efforts. SEB monitors regulatory compliance within the sustainability area on a continuous basis. During 2022 we will proceed with implementation of the Taxonomy Regulation and monitor progress around development of sustainability reporting standards, both on EU and international levels.	→ See SEB Annual and Sustainability Report 2021: p. 52 (People and community) p. 56 (Sustainability governance) p. 57 (Sustainability policy framework) p. 197 (Sustainability notes, Taxonomy)
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.		
In 2021 SEB has taken important steps in implementing the Principles for Responsible Banking, and the work will continue in 2022.		

Auditor's Limited Assurance Report on Skandinaviska Enskilda Banken AB's Sustainability Report and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.
To Skandinaviska Enskilda Banken AB (publ), Corp Id 502032-9081

Introduction

We have been engaged by the Board of Directors of Skandinaviska Enskilda Banken AB to undertake a limited assurance engagement of Skandinaviska Enskilda Banken AB's Sustainability Report for the year 2021. Skandinaviska Enskilda Banken AB has defined the scope of the Sustainability Report to the pages 42–69 and 208–233 in this document and the Statutory Sustainability Report to the pages 44–69.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 69 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Skandinaviska Enskilda Banken AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited review performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 28 February 2022
Ernst & Young AB

Hamish Mabon	Charlotte Söderlund
Authorized Public Accountant	*Authorized Public Accountant*

Definitions

INCLUDING ALTERNATIVE PERFORMANCE MEASURES[1)]

Items affecting comparability
To facilitate the comparison of operating profit between current and previous periods, items with significant impact that management considers affect the comparability or are relevant for the understanding of the financial result, are identified and presented separately, for example impairment of goodwill, restructuring, gains and losses from divestments and other income or costs that are not recurring.

Operating profit
Total profit before tax.

Operating profit before items affecting comparability
Total profit before items affecting comparability and tax.

Net profit
Total profit after tax.

Return on equity
Net profit attributable to shareholders in relation to average[2)] shareholders' equity.

Return on equity excluding items affecting comparability
Net profit attributable to shareholders, excluding items affecting comparability and their related tax effect, in relation to average[2)] shareholders' equity.

Return on business equity
Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average[2)] business equity (allocated capital).

Return on total assets
Net profit attributable to shareholders, in relation to average[2)] total assets.

Return on risk exposure amount
Net profit attributable to shareholders in relation to average[2)] risk exposure amount.

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

Basic earnings per share
Net profit attributable to shareholders in relation to the weighted average[3)] number of shares outstanding before dilution.

Diluted earnings per share
Net profit attributable to shareholders in relation to the weighted average[3)] diluted number of shares. The calculated dilution is based on the estimated economic value of the long-term equity-based programmes.

Net worth per share
The total of shareholders' equity, the equity portion of any surplus values in the holdings of debt securities and the surplus value in life insurance operations in relation to the number of shares outstanding.

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

Expected credit losses, ECL
Probability-weighted credit losses with the respective risk of a default.

ECL allowances
The allowance for expected credit losses on financial assets, contract assets, loan commitments and financial guarantee contracts.

Net ECL level
Net expected credit losses in relation to the opening balance of the year of debt securities, loans to the public and loans to credit institutions measured at amortised cost, financial guarantees and loan commitments, net of ECL allowances.

ECL coverage ratio
ECL allowances in relation to underlying gross carrying amounts for loans and debt securities as well as nominal amounts of financial guarantees and loan commitments.

Stage 3 loans / Total loans, gross
Gross carrying amount for stage 3 loans (credit-impaired loans) in relation to gross carrying amount for total loans measured at amortised cost (including trade and client receivables presented as other assets).

Stage 3 loans / Total loans, net
Carrying amount for stage 3 loans (credit-impaired loans) in relation to carrying amounts for total loans measured at amortised cost (including trade and client receivables presented as other assets).

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

DEFINITIONS

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

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

Common Equity Tier 1 capital (CET)
Shareholders' equity excluding dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in EU Regulation no 575/2013 (CRR).

Tier 1 capital
Common Equity Tier 1 capital plus qualifying forms of subordinated loans liabilities, so-called additional tier 1 instruments.

Tier 2 capital
Mainly subordinated loans liabilities not qualifying as Tier 1 capital contribution.

Own funds
The sum of Tier 1 and Tier 2 capital.

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

Tier 1 capital ratio
Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio
Total own funds as a percentage of risk exposure amount.

Liquidity Coverage Ratio (LCR)
High-quality liquid assets in relation to the estimated net liquidity outflow over the next 30 calendar days.

According to the EU Capital Requirements Regulation no 876/2019 (CRR2):

Leverage ratio
Tier 1 capital as a percentage of the exposure value of assets, derivatives and off-balance sheet items.

Net stable funding ratio (NSFR)
Available stable funding in relation to the amount of required stable funding.

Abbreviations

IFRS 9 abbreviations

FVTPL	Fair Value Through Profit or Loss
FVHFT	Fair Value Through Profit or Loss Held for Trading
FVMPL	Fair Value Through Profit or Loss Mandatorily
FVDPL	Fair Value Through Profit or Loss Designated
AmC	Amortised Cost

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

Financial information and publications

Annual and Sustainability Report
Information on SEB's business, financial performance and position, as well as the sustainability work.

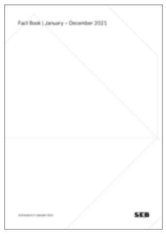
Digital Annual and Sustainability Report
A digital introduction to the Annual and Sustainability Report
→ sebgroup.com/annualreport

SEB corporate website
Financial information, publications and other information regarding SEB is available at
→ sebgroup.com

Annual and Sustainability Report – ESEF
The Annual and Sustainability report, machine readable in accordance with ESEF requirements.

Capital Adequacy & Risk Management Report (Pillar 3)
Disclosure on capital adequacy and risk management in accordance with regulatory requirements.

SEB Green Bond Investor Report
Overview of SEB's green loan portfolio and the green bond that was issued in 2017.



Interim Reports and Fact Books
Quarterly reports on SEB's financial position and results. Detailed information in Fact Books.

Order printed copies of the Annual and Sustainability Report on → sebgroup.com/ir.
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Calendar

Annual and Sustainability Report 2021	1 March 2022
Annual General Meeting	22 March 2022
Quarterly report January–March	27 April 2022
Quarterly report April–June	14 July 2022
Quarterly report July–September	26 October 2022

Annual General Meeting

The Annual General Meeting will be held on 22 March 2022 at 1 pm (CET) at Stockholm Concert Hall, Hötorget, Stockholm, Sweden. A notice convening the Annual General Meeting, including an agenda, is available on sebgroup.com.

Shareholders who wish to *attend the meeting room in person or through a representative* shall:
- *both* be listed as a shareholder in the share register produced by Euroclear Sweden AB on 14 March 2022,
- *and* no later than 16 March 2022 register for the meeting.

Registration must be made on **telephone** no. 0771 23 18 18 (+46 771 23 18 18 outside Sweden) weekdays between 09.00 - 16.30 or via the **internet** on SEB's website sebgroup.com, or in **writing** at the address Skandinaviska Enskilda Banken AB (publ), c/o Euroclear Sweden, Box 191, 101 23 Stockholm. When registering, the shareholder must state his name, personal or registration number, telephone number and any assistants.

Shareholders who wish to participate in the meeting *by postal vote* shall:
- *both* be listed as a shareholder in the share register produced by Euroclear Sweden AB on 14 March 2022,
- *and* no later than 16 March 2022 register by casting their postal vote. Completed and signed postal voting form can be sent by post to Skandinaviska Enskilda Banken AB (publ), c/o Euroclear Sweden, Box 191, 101 23 Stockholm or by e-mail to GeneralMeetingService@euroclear.com. The completed form must be received by SEB, c/o Euroclear, no later than 16 March 2022.

Dividend

The Board proposes a dividend of SEK 6.00 per share for 2021. 24 March 2022 is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposal, the share will be traded ex-dividend on 23 March 2022 and dividend payments are expected to be distributed by Euroclear Sweden AB on 29 March 2022.

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