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## Skandinaviska Enskilda Banken AB (publ)

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# Skandinaviska Enskilda Banken AB (publ)

## Rating Score Snapshot

Global Scale Ratings	
<b>Issuer Credit Rating</b>	A+ / Stable / A-1
<b>Resolution Counterparty Rating</b>	AA- / - / A-1+

SACP: a			Support: +1		Additional factors: 0									
Anchor	a-		ALAC support	+1	<table border="1"> <thead> <tr> <th colspan="2">Issuer credit rating</th> </tr> <tr> <td colspan="2" style="text-align: center;"><b>A+ / Stable / A-1</b></td> </tr> <tr> <th colspan="2">Resolution counterparty rating</th> </tr> <tr> <td colspan="2" style="text-align: center;"><b>AA- / - / A-1+</b></td> </tr> </thead></table>		Issuer credit rating		<b>A+ / Stable / A-1</b>		Resolution counterparty rating		<b>AA- / - / A-1+</b>	
Issuer credit rating														
<b>A+ / Stable / A-1</b>														
Resolution counterparty rating														
<b>AA- / - / A-1+</b>														
Business position	Adequate	0	GRE support	0										
Capital and earnings	Strong	+1	Group support	0										
Risk position	Adequate	0	Sovereign support	0										
Funding	Adequate	0												
Liquidity	Adequate													
CRA adjustment		0												

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

Overview	
Key strengths	Key risks
Leading merchant bank franchise in the Nordics.	Concentration of relatively large single-name exposures.
Diversified revenue streams and efficiency metrics supportive of earnings in the European context.	Predominance of larger corporate deposits and wholesale funding in the funding profile.
Strong risk-adjusted capitalization aided by robust asset quality.	

**S&P Global Ratings expects Skandinaviska Enskilda Banken AB (SEB)'s diversified revenue mix will support earnings in 2023-2024.** SEB's leading position among large corporates in the Nordics and top position in the Swedish and Baltic retail markets affords the bank a steady revenue stream. We believe SEB's diversified offerings will continue to serve it well in delivering approximately Swedish krona (SEK) 50 billion-SEK51 billion (€4.8 billion) in annual operating revenue over the coming years.

**We forecast SEB's capitalization will remain solid.** SEB's risk-adjusted capital (RAC) ratio was 10.3% as of year-end 2022. RAC is expected remain at 10%-11% over the next two years, assuming annual risk-weighted asset (RWA) growth of about 5-6%. Buybacks of about SEK2.5 billion are incorporated in 2023 capital figures, similarly we expect

the bank to maintain dividends of 50% of net profit for 2023-2024. While the pending acquisition of AirPlus that is expected to close in first half 2024 may present a small drag on SEB's RAC, we expect regulatory capital requirements will support the bank's capitalization levels.

***SEB's asset quality is expected to remain robust given its considered approach in underwriting toward corporates, including real estate management customers, and households.*** In terms of asset quality, SEB posted a minimal SEK272 million in credit losses (4 basis points [bps] of gross loans) for Q1, its lowest level in the past 10 years. This partly reflects the management overlay in place to ensure sound risk management. As of Q1 2023, this amounted to about SEK2.2 billion (€0.2 billion) or about 12 bps of lending. While lending to commercial real estate (CRE) has increased, we believe SEB will continue to be cautious in its lending approach toward the sector. Similarly, although SEB has limited direct exposure to Russia and Ukraine and oil and gas exposures have diminished to just under 5% of the credit portfolio, we believe the bank will be cautious in releasing loan loss provisions given the uncertain economic backdrop. Over the coming quarters, some negative credit migration is anticipated given the weaker operating climate, but we believe losses will remain in line with historical levels at about 15-20bps.

***Deposit pricing and general depositor behavior, in addition to quantitative tightening, could affect SEB's funding profile.*** Relative to domestic peers, SEB relies less on wholesale funding, with customer deposits now accounting for well over half the bank's funding base. While deposits may decline over the course of 2023, given increased cost pressures and a reversal of loose monetary policy, we believe SEB is likely to maintain balanced metrics, as indicated by a stable funding ratio of 105% and broad liquid assets to short-term wholesale funding of 1.4x at Q1 2023.

***SEB has made progress to ensure it meets the 2024 minimum requirement for own funds and eligible liabilities (MREL) deadline, supporting its additional loss-absorbing capacity (ALAC) buffer.*** The bank's ALAC buffer is estimated at about 4.3% of S&P Global Ratings' RWAs for year-end 2022, exceeding our 3% threshold for ALAC uplift. As of Q1 2023, the bank had issued €6.4 billion (about SEK72 billion) of senior nonpreferred debt (SNP). Coupled with continued issuance of SNP and subordinated debt, we consider SEB's ALAC build up a supportive rating factor.

## Outlook

The stable outlook reflects our view that SEB's earnings will remain robust and support its credit profile. Although the economic backdrop could create a more difficult operating climate, asset quality is expected to remain intact over 2023-2024. We anticipate SEB will remain compliant with the requirements set by financial regulators, having worked to improve its AML framework. Our RAC ratio is expected to remain sustainably above 10% over our two-year outlook horizon, supported by SEB's strong capacity for profit generation.

### Downside scenario

We could lower the ratings if macroeconomic pressures and geopolitical uncertainties appear to challenge asset quality and earnings materially beyond our expectations. Also, while AML risks have subsided, if ongoing investigations indicate possible misconduct signaling that governance and control weaknesses persist, this could weigh on the rating.

### Upside scenario

The current macroeconomic backdrop raises uncertainties. However, we could consider a positive rating action if SEB demonstrates a sustained competitive advantage in line with higher-rated and well-diversified global peers.

## Key Metrics

### Skandinaviska Enskilda Banken AB (publ)--Key ratios and forecasts

(%)	--Fiscal year ended Dec. 31--				
	2021a	2022a	2023f	2024f	2025f
Growth in operating revenue	9.8	18.3	3.0-4.0	3.0-4.0	3.5-4.5
Growth in total assets	8.7	6.9	1.0-2.0	1.5-3.5	1.5-3.5
Net interest income/average earning assets (NIM)	1.2	1.4	1.5	1.5	1.4
Cost to income ratio	42.6	42.3	43.0-45.0	44.0-46.0	45.0-47.0
Return on average common equity	13.9	13.6	13.0-14.0	13.0-14.0	12.5-13.5
New loan loss provisions/average customer loans	0	0.1	0.1-0.2	0.1-0.2	0.1-0.2
Gross nonperforming assets/customer loans	0.6	0.4	0.7-0.9	0.5-0.7	0.5-0.6
Risk-adjusted capital ratio	10.8	10.3	10.0-11.0	10.0-11.0	10.0-11.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin. \*Relates to H12021 figure.

## Anchor: 'a-' Reflects Sweden's Flexible And Diversified Economy

The anchor for SEB is 'a-', in line with that used for a commercial bank operating primarily in Sweden. Given SEB's operations outside Sweden (about one-third of loans as of March 31, 2023) in other Nordic countries, in addition to the Baltics, Germany, and the U.K., our blended economic risk score is based on its disclosed loan balances. This reflects

both the underlying risks to the bank and its available sources of revenue.

We expect the Swedish economy to fall into recession in 2023 and contract by 0.8% on account of eroding household purchasing power, weaker global demand, and an unfavorable investment climate. However, we also expect the economy to remain wealthy, with strong public finances that can provide support if deemed necessary. While we currently view the economic risk trend as stable, we continue to monitor developments within the household sector, where house prices have posted a decline from their March 2022 peak by about 13%, in addition to developments within the CRE sector. The increased cost-of-living crisis coupled with an increased interest burden could have repercussions for the corporate sector in Sweden given lower levels of consumption and activity, however, labor markets for now appear robust and are supportive for debt serviceability. For CRE firms, where steps have been taken to improve leverage, we continue to keep an eye on debt levels and interest coverage, in addition to management of refinancings.

Our view of industry risk in Sweden reflects a regulatory environment in line with other EU countries. In addition to deep debt capital markets, a well-functioning domestic covered bond market and a history of liquidity support in times of need mitigate structural reliance on wholesale funding. Furthermore, we view the stability, sound profitability, and lack of complexity in the banking sector as strengths. The sector's good operating efficiency is backed by banks' advanced level of digitalization. As a result, we see the industry risk trend as stable.

## **Business Position: A Universal Bank With A Well-Established Nordic Commercial Banking Franchise**

With total assets of SEK3.8 billion (about €338 billion) as of Q1 2023, SEB has a longstanding commercial banking tradition leading to stable revenue generation across several business lines. SEB's founding family, the Wallenbergs, has been a major shareholder since 1856 and is currently represented by a 20.8% stake held by Investor AB that provides stability to the ownership and operating structure, in our view.

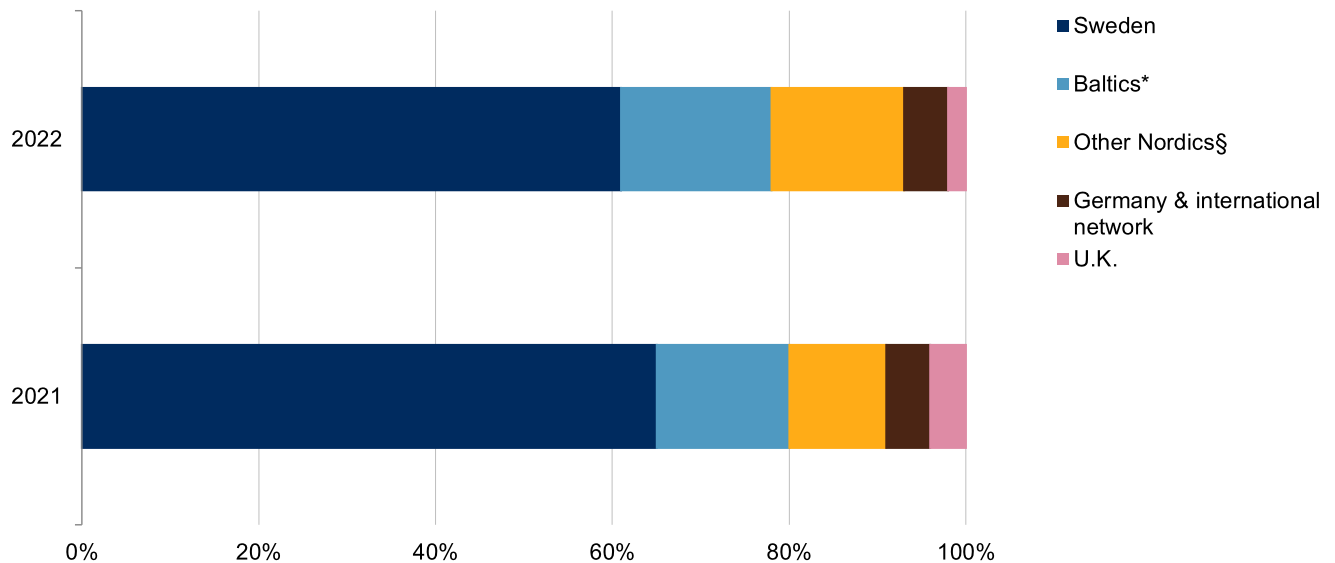
SEB's current business strategy remains true to the bank's ambition of focusing on a steady return on equity of about 15% at group level over the longer term (13.8% for full-year 2022). Facing tailwinds from the increases in interest rates, we believe SEB will likely deliver robust earnings that will lead to a return on equity above 13% for 2023-2024. SEB plans to develop its business by continuously investing into digitization, data, sustainability, and regulatory compliance. The bank maintains a cost target of about SEK26.5-27 billion, marginally higher than 2022 figure of SEK25 billion. By the end of 2024, SEB is expected to continue to maintain a long-term capital target of 100-300 bps above the regulatory requirement.

SEB's revenue diversity is reflected by just over half of the operating profit originating from Sweden. This reflects much of the work SEB has put into honing its international strategy for large corporates via branches, which following solid growth in the UK led to expanding into Germany and neighboring countries. Further, 40% of the operating profits are from large corporates and financial institutions, 31% from corporates and private customers, and 29% from other operating segments. This reflects the broad product suite available to less granular large corporates, which is then further complemented by a comprehensive retail strategy, mainly in Sweden and the Baltics.

Chart 1

**Nearly half of operating income generated outside of home market (Sweden)**

SEB geographical operating income split



\*Baltics include Estonia, Latvia, Lithuania, §Other Nordics includes Denmark, Norway, Finland. Operating profit excludes one-offs. Sources: SEB AR2021, AR2022, S&P Global Ratings. Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

## Capital And Earnings: Earnings Generation Supportive Of Strong Capital Levels

We project SEB's RAC ratio will be 10%-11% over the next 18-24 months, compared with 10.3% as year-end 2022, supported by expected earnings of SEK26 billion-SEK28 billion annually. With hybrids accounting for about 9% of the bank's total adjusted capital, we expect the quality of capital will remain adequate and in line with peers.

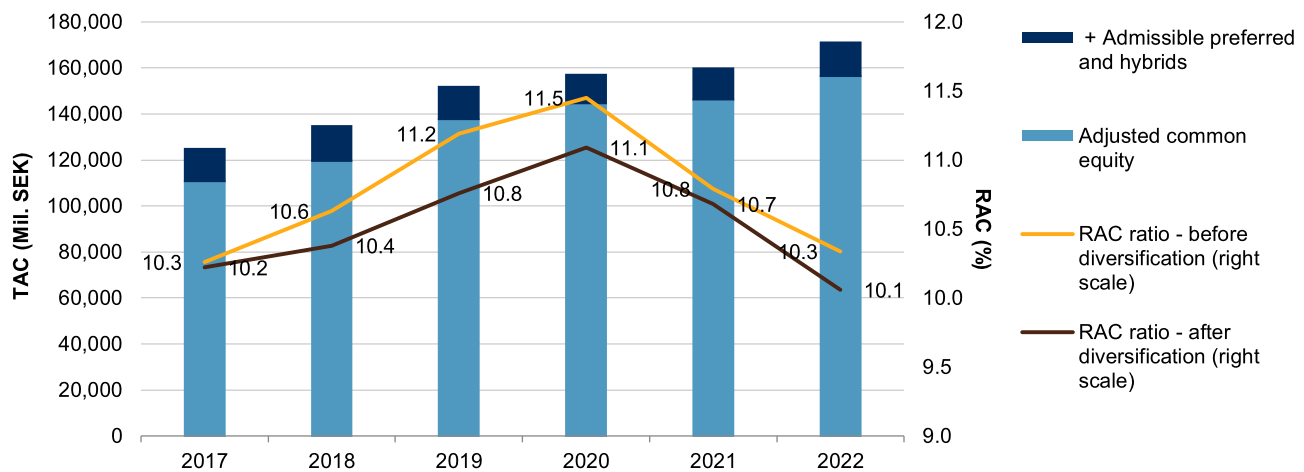
Our forecast assumes loan growth in line with the market at about 3%-4% in 2023-2024, with a slight improvement in margins over the coming two years spurred by market dynamics. As per the defined long-term financial targets for the group, SEB is anticipated to pay out about 50% of its profits as dividends, in addition to using share buybacks to further distribute any excess capital to shareholders. We currently incorporate SEK2.5 billion of buybacks to be actioned in 2023, which has been approved by the FSA and deducted from the bank's capital base.

We expect the RAC ratio will also be supported by SEB's commitment to maintaining a buffer above the Swedish regulatory capital requirements of 100-300 bps of common equity Tier 1 (CET1) capital. As of first quarter 2023, the excess CET1 capital was approximately 480 bps (470 bps at year-end 2022) over the regulatory capital requirement of 14.3% (14.2%) that includes the pillar 2 guidance. Also, the leverage ratio stands at 4.7% (5%) compared to a 3.45% requirement. Capital requirements are expected to increase over the coming years with the Swedish countercyclical

buffer rising to 2% in second quarter 2023, in addition to similar moves in other Nordic and European markets. Furthermore, the recent decision from the Swedish FSA to shift risk-weight floors applied to residential and commercial real estate from pillar 2 to pillar 1 requirements will lead to a small increase in capital. Lastly, we note that the upcoming Basel IV implementation is also expected to ramp up over 2024-2025, reinforcing our view of SEB's capitalization.

**Chart 2**

**SEB's risk adjusted capital developments 2017-2022**  
S&P RAC figures as of year-end



SEK--Swedish krona. RAC--Risk-adjusted capital. TAC--Total adjusted capital. Source: S&P Global Ratings. Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

## Risk Position: Asset Quality Metrics Are Expected To Remain Robust

SEB's continuous focus on its core operations has underpinned our view of their risk management framework. Past AML deficiencies that led to a modest fine have been addressed, however, given regulator's attention to the area we anticipate this will continue to be an area of focus and investment for the bank.

SEB's merchant banking profile is reflected in the bank's considerable corporate lending position that represents 57% of its non-bank credit exposure as of first-quarter 2023. We expect in our base case that the bank's focus on long-standing relationships with large, creditworthy, and often globally active, Nordic corporations will sustain robust asset quality metrics. We note, however, this does create single name concentration with top 20 corporate names representing approx. 132% of the bank's tier 1 capital (as of year-end 2022).

The remaining 43% of the bank's credit exposures is split across household mortgages and tenant-owned associations (25%), commercial and residential real estate (12%), other household (3%), and public administration (2%). Nearly all of the mortgage book is funded through SEB's covered bond program, with a weighted average loan-to-value of 50% as of first-quarter 2023 pointing to sound underwriting characteristics for residential exposures.

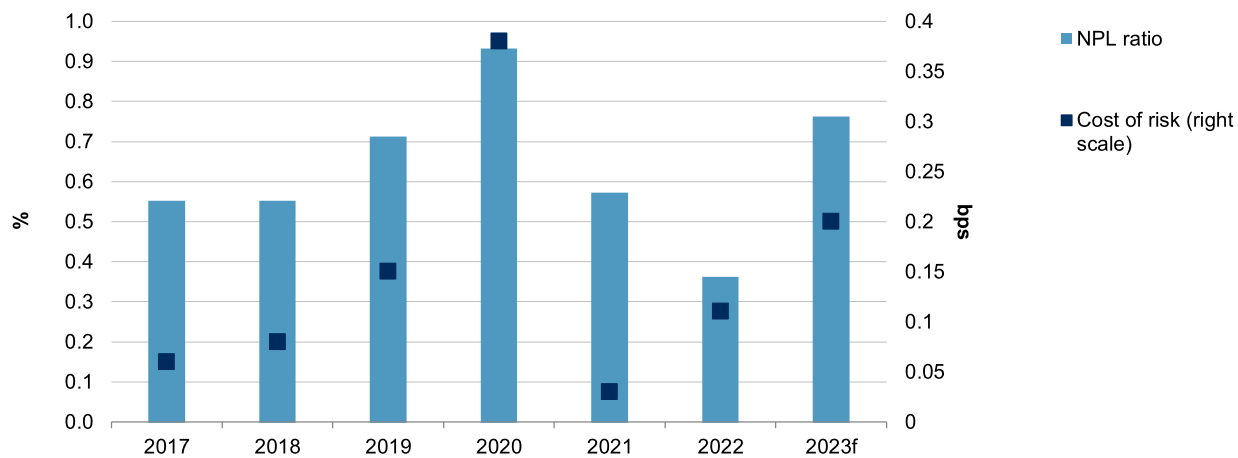


As a conservative approach, management has maintained a portfolio model overlay of about SEK2.2 billion (ca. 0.1% of lending), which initially was related to pandemic-led pressures, has now shifted to ensure additional reserves are in place given the uncertain macroeconomic conditions, leading to a total coverage ratio of 0.28%. As such, while we expect SEB's cost of risk figures to increase to about 15-20bps over 2023-2025 and with nonperforming assets set to also increase to about 0.5%-0.8% of lending over the same horizon, we believe this credit quality deterioration to be remain manageable for SEB its their standard and expert overlay reserve levels.

**Chart 3**

**SEB's asset quality metrics are expected to see negative risk migration**

Likely to remain contained below 2020 pandemic related levels



Bps--Basis points. f--forecast. NPL--Non-performing loans. Source: S&P Global Ratings. Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

**Funding And Liquidity: Corporate Deposit Base Leads To Less Wholesale Funding Relative To Peers**

SEB holds a diversified liquidity and funding profile and is less dependent than its domestic peers on wholesale funding, owing to its stable corporate and retail deposit base.

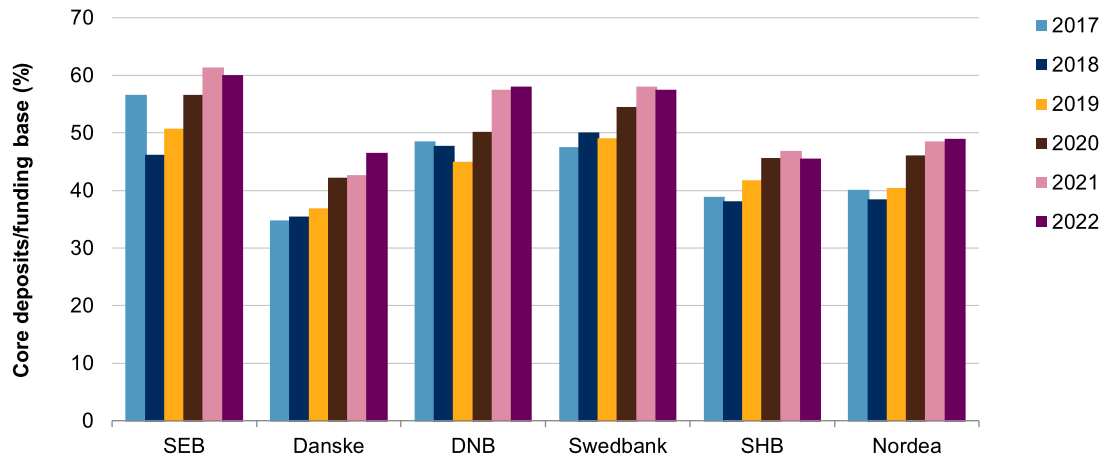
Core customer deposits formed just under 60% of the bank's funding base at first-quarter 2023, having increased over the course of 2020-2021 in line with market trends. While deposits are expected to decline, given increased cost pressures will lead to some outflows, we anticipate SEB will adapt its funding accordingly. Despite the lower level of covered deposits at about 23%, we see SEB's funding profile as comparable with its Nordic peers, given this primarily reflects SEB's well-established large corporate franchise.

As of year-end 2022, our stable funding ratio for SEB stood at 98%, down from 102% as of year-end 2021; however, our view of a balanced profile is supported by a regulatory net stable funding ratio of 109%. In addition, SEB has adequate liquidity, with broad liquid assets covering short-term wholesale funding by 1.2x as of year-end 2022,

supported by a SEK695 billion liquidity reserve that leads to a regulatory liquidity coverage ratio of 143%. Internal liquidity risk management testing indicates that SEB would survive a stressed outflow scenario without market access for just over six months, indicating liquidity is adequate at this stage.

#### Chart 4

#### SEB has a well-established deposit franchise



Source: S&P Global Ratings' calculations. Danske--Danske Bank A/S, DNB--DNB Bank ASA, Swedbank--Swedbank AB, SHB--Svenska Handelsbanken AB, Nordea--Nordea Bank Abp. Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

## Support: One Notch Of Uplift For ALAC Support

We include one notch of uplift in our long-term rating on SEB as the bank has continued to build ALAC over the past several years, thereby providing protection to senior bondholders. With the implementation of the EU's Banking Recovery and Resolution Directive (BRRD) in Sweden in 2016, and the formal decision on MREL by the Swedish National Debt Office at year-end 2017, we view government support as uncertain and consider that the country now has an effective resolution regime.

As of year-end 2022, we estimate the bank's ALAC buffer to be about 4.3% of RWAs, exceeding our 3% threshold for ALAC uplift. As of Q1 2023, the bank had issued about €6.4 billion (about SEK72 billion) of SNP and €1.4 billion (about SEK16 billion) of subordinated tier 2 instruments, leading to a total bail-in-able debt stack of about SEK88 billion. We anticipate SEB will continue to maintain its SNP and subordinated debt issuances over 2023-2025 and as such believe the bank's ALAC buffer will remain well-supported.

## Environmental, Social, And Governance

## ESG Credit Indicators

E-1	<b>E-2</b>	E-3	E-4	E-5	S-1	<b>S-2</b>	S-3	S-4	S-5	G-1	<b>G-2</b>	G-3	G-4	G-5
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ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis of SEB and we see ESG credit factors for SEB as broadly in line with those of industry and country peers.

AML deficiencies in the bank's framework have been remedied over the past two years and therefore are less prevalent as a governance concern.

We see the maintenance of sound corporate governance as critical for SEB and it is a priority for the management team and shareholders, in particular its long-term owner Investor AB and the Wallenberg family. Overall, SEB has a stable senior management team and business strategy and exhibits disciplined execution and operational control. Independent directors make up most of its board.

In November 2021, SEB released an update to its sustainability strategy, recognizing its key role, from both a financing, and savings and investment product perspective. SEB is taking active steps to decrease its fossil fuel credit exposure about 45%-60% by 2030. It currently represents less than 2% of the corporate credit portfolio and has decreased by 17% relative to 2019 in line with its strategy. In addition, the bank wants its investment management team's total assets under management to be carbon neutral by 2040.

## Key Statistics

Table 1

Skandinaviska Enskilda Banken AB (publ)--Key figures					
--Year ended Dec. 31--					
(Mil. SEK)	2023*	2022	2021	2020	2019
Adjusted assets	3,424,290.0	3,169,162.0	2,874,267.0	2,701,674.0	2,531,686.0
Customer loans (gross)	1,907,065.0	1,891,936.0	1,729,680.0	1,609,004.0	1,614,765.0
Adjusted common equity	169,823.0	154,468.0	146,201.0	144,673.5	137,891.0
Operating revenues	19,060.0	64,588.0	54,614.0	49,719.0	50,134.0
Noninterest expenses	7,168.0	27,332.0	23,245.0	22,747.0	22,944.0
Core earnings	9,393.0	28,104.4	25,418.9	16,546.5	20,178.6

\*Data as of March 31. SEK--Swedish krona.

Table 2

Skandinaviska Enskilda Banken AB (publ)--Business position					
--Year ended Dec. 31--					
(%)	2023*	2022	2021	2020	2019
Loan market share in country of domicile	14.2	14.4	14.7	14.4	14.4

Table 2

Skandinaviska Enskilda Banken AB (publ)--Business position (cont.)					
	--Year ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Deposit market share in country of domicile	15.7	16.4	15.4	16.5	16.3
Total revenues from business line (currency in millions)	19,060.0	64,588.0	54,619.0	49,719.0	50,134.0
Commercial banking/total revenues from business line	41.2	41.1	41.2	43.9	41.1
Retail banking/total revenues from business line	47.3	41.1	41.7	45.6	43.8
Commercial & retail banking/total revenues from business line	88.6	82.1	82.9	89.6	84.9
Insurance activities/total revenues from business line	4.4	5.2	7.2	6.2	6.6
Asset management/total revenues from business line	2.2	7.8	10.2	4.6	8.3
Other revenues/total revenues from business line	4.8	4.9	(0.2)	(0.4)	0.2
Return on average common equity	18.0	13.6	13.9	9.6	13.3

\*Data as of March 31.

Table 3

Skandinaviska Enskilda Banken AB (publ)--Capital and earnings					
	--Year ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Tier 1 capital ratio	20.8	20.7	21.4	22.7	20.8
S&P Global Ratings' RAC ratio before diversification	N/A	N/A	10.8	11.4	11.2
S&P Global Ratings' RAC ratio after diversification	N/A	N/A	10.7	11.1	10.8
Adjusted common equity/total adjusted capital	92.1	91.4	91.5	92.2	90.8
Double leverage	N/A	N/A	N/A	35.3	42.7
Net interest income/operating revenues	59.3	51.8	48.2	50.6	45.8
Fee income/operating revenues	27.1	33.4	38.7	36.3	37.3
Market-sensitive income/operating revenues	12.6	14.4	12.8	11.2	14.1
Cost to income ratio	37.6	42.3	42.6	45.8	45.8
Provision operating income/average assets	1.3	1.1	1.0	0.9	1.0
Core earnings/average managed assets	1.0	0.8	0.8	0.6	0.7

\*Data as of March 31. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Skandinaviska Enskilda Banken AB (publ)--Risk-adjusted capital framework data					
(Mil. SEK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
<b>Credit risk</b>					
Government & central banks	740,729.7	33,594.7	4.5	9,528.9	1.3
Of which regional governments and local authorities	78,299.0	7,303.8	9.3	2,907.6	3.7
Institutions and CCPs	298,930.2	66,873.9	22.4	63,982.1	21.4
Corporate	1,391,493.3	402,081.8	28.9	982,703.7	70.6
Retail	828,546.3	88,504.6	10.7	254,845.0	30.8
Of which mortgage	723,289.5	49,711.4	6.9	182,669.2	25.3
Securitization§	12,048.6	2,036.4	16.9	2,982.4	24.8

Table 4

Skandinaviska Enskilda Banken AB (publ)--Risk-adjusted capital framework data (cont.)					
Other assets†	12,706.8	10,493.1	82.6	14,206.2	111.8
Total credit risk	3,284,455.1	603,584.6	18.4	1,328,248.4	40.4
<b>Credit valuation adjustment</b>					
Total credit valuation adjustment	--	12,308.8	--	48,678.6	--
<b>Market Risk</b>					
Equity in the banking book	7,561.4	7,682.6	101.6	59,916.9	792.4
Trading book market risk	--	47,128.0	--	69,913.5	--
Total market risk	--	54,810.6	--	129,830.4	--
<b>Operational risk</b>					
Total operational risk	--	50,451.7	--	128,263.8	--
	<b>Exposure</b>	<b>Basel III RWA</b>	<b>Average Basel II RW (%)</b>	<b>S&amp;P Global Ratings RWA</b>	<b>% of S&amp;P Global Ratings RWA</b>
<b>Diversification adjustments</b>					
RWA before diversification	--	859,320.1	--	1,635,021.2	100.0
Total diversification/ concentration adjustments	--	--	--	45,318.9	2.8
RWA after diversification	--	859,320.1	--	1,680,340.2	102.8
		<b>Tier 1 capital</b>	<b>Tier 1 ratio (%)</b>	<b>Total adjusted capital</b>	<b>S&amp;P Global Ratings RAC ratio (%)</b>
Capital ratio					
Capital ratio before adjustments		177,517.0	20.7	169,029.0	10.3
Capital ratio after adjustments‡		177,517.0	20.7	169,029.0	10.1

\*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. SEK--Swedish krona. CCPs--Central counterparty clearing house. Sources: Company data as of Dec. 31, 2022, S&P Global Ratings.

Table 5

(%)	--Year ended Dec. 31--				
	2023*	2022	2021	2020	2019
Growth in customer loans	3.2	9.4	7.5	(0.4)	7.9
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	N/A	1.1	3.2	4.0
Total managed assets/adjusted common equity (x)	22.4	22.9	22.6	21.0	20.7
New loan loss provisions/average customer loans	0.1	0.1	0.0	0.4	0.1
Net charge-offs/average customer loans	0.1	0.2	0.1	0.2	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.3	0.4	0.6	0.9	0.7
Loan loss reserves/gross nonperforming assets	159.3	111.2	82.9	63.9	60.7

\*Data as of March 31. N/A--Not applicable. RAC--Risk-weighted assets.

Table 6

Skandinaviska Enskilda Banken AB (publ)--Funding and liquidity					
	--Year ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Core deposits/funding base	57.7	59.9	61.2	56.5	50.6
Customer loans (net)/customer deposits	113.6	120.0	114.7	123.7	146.3
Long-term funding ratio	74.2	74.9	77.0	76.6	75.2
Stable funding ratio	105.1	98.3	102.4	102.9	94.0
Short-term wholesale funding/funding base	27.7	27.2	24.9	25.2	26.7
Regulatory net stable funding ratio	111.0	109.0	111.0	113.0	109.0
Broad liquid assets/short-term wholesale funding (x)	1.4	1.2	1.3	1.3	1.0
Broad liquid assets/total assets	29.5	24.8	24.3	24.5	19.8
Broad liquid assets/customer deposits	67.1	55.7	53.5	57.6	51.4
Net broad liquid assets/short-term customer deposits	19.2	10.4	12.9	13.2	(1.3)
Regulatory liquidity coverage ratio (LCR) (x)	137.0	143.0	145.0	163.1	218.3
Short-term wholesale funding/total wholesale funding	64.8	66.8	63.2	57.1	53.3
Narrow liquid assets/3-month wholesale funding (x)	2.2	2.2	2.4	2.4	2.3

\*Data as of March 31.

### Skandinaviska Enskilda Banken AB (publ)--Rating component scores

Issuer Credit Rating	A+ / Stable / A-1
SACP	a
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Adequate
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions , March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions

, Dec. 9, 2021

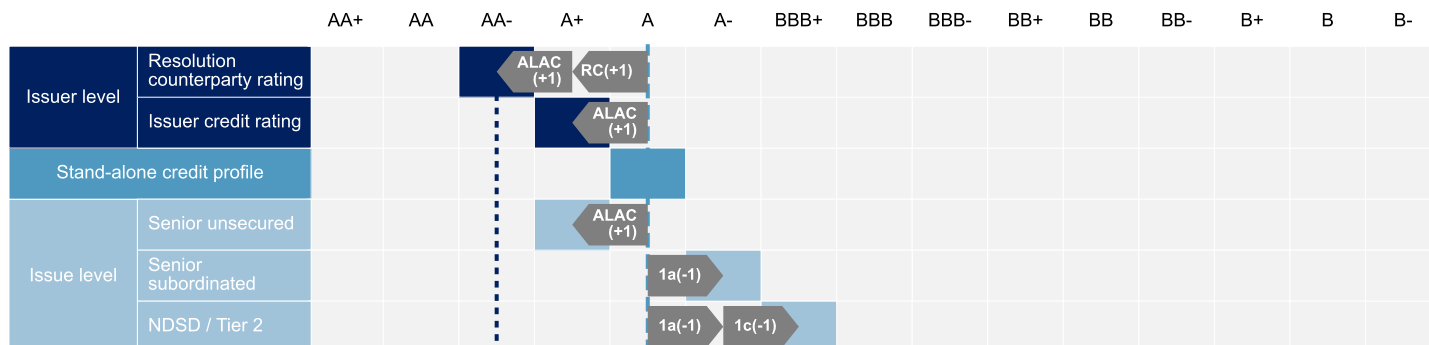
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology , Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- General Criteria: Group Rating Methodology , July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology , July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011

## Related Research

- Banking Industry Country Risk Assessment Update: May 2023, May 24, 2023
- Credit Conditions Europe Q2 2023: Costs Rising To Cure Inflation, March 28, 2023
- European Banks Can Weather The Market Turmoil, March 21, 2023
- Update: Skandinaviska Enskilda Banken AB (publ), Nov. 11, 2022
- Swedish Banks Can Weather A Housing Market Correction; BICRA Group Remains '2', Nov. 10, 2022
- Swedish Bank SEB Affirmed At 'A+/A-1' On Resilient Performance And Steady ALAC Buildup; Outlook Stable, July 11, 2022
- Banking Industry Country Risk Assessment: Sweden, Dec. 2, 2021.

## Appendix

**Skandinaviska Enskilda Banken AB: Notching**



**Key to notching**

- Group stand-alone credit profile
- Issuer credit rating
- ALAC Additional loss-absorbing capacity buffer
- 1a Contractual subordination
- 1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on March 2, 2022.  
 NDS--Non-deferrable subordinated debt.

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**Ratings Detail (As Of June 28, 2023)\***

<b>Skandinaviska Enskilda Banken AB (publ)</b>		
Issuer Credit Rating		A+ / Stable / A-1
Resolution Counterparty Rating		AA- / -- / A-1+
Commercial Paper		
<i>Foreign Currency</i>		A-1
Senior Subordinated		A-
Senior Unsecured		A+
Short-Term Debt		A-1
Subordinated		BBB+
<b>Issuer Credit Ratings History</b>		
02-Dec-2015	<i>Foreign Currency</i>	A+ / Stable / A-1
20-Nov-2012		A+ / Negative / A-1
01-Dec-2011		A+ / Stable / A-1
02-Dec-2015	<i>Local Currency</i>	A+ / Stable / A-1
20-Nov-2012		A+ / Negative / A-1
01-Dec-2011		A+ / Stable / A-1
<b>Sovereign Rating</b>		
Sweden		AAA / Stable / A-1+

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings’ credit ratings on the global scale are comparable across countries. S&P Global Ratings’ credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.



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