

Quarterly Report

Fourth quarter 2022 | Annual Accounts 2022

STOCKHOLM 26 JANUARY 2022



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Today and for generations to come.



Fourth quarter 2022

Development

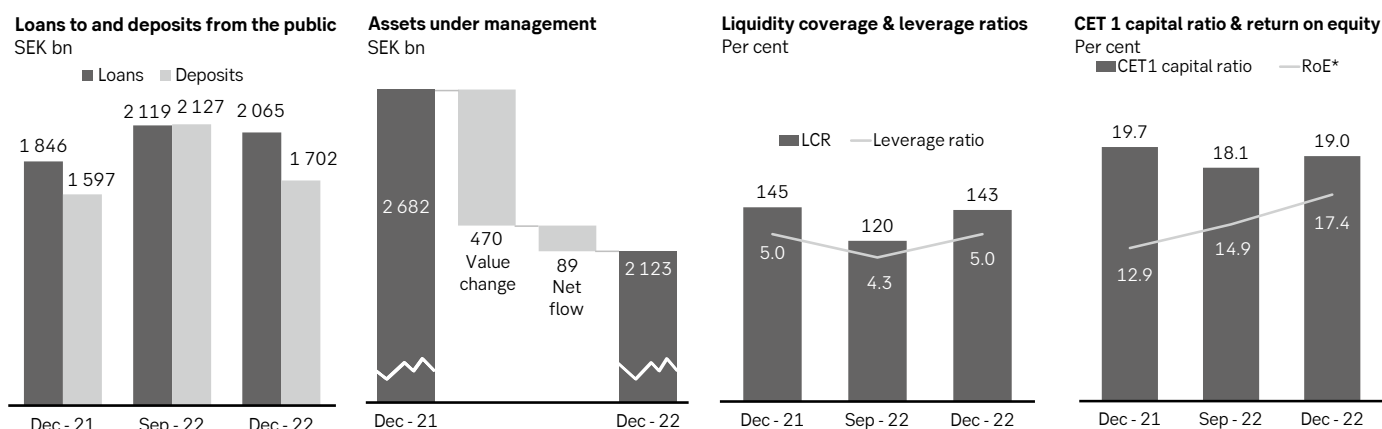
- Top ranked customer satisfaction for both Nordic corporates and financial institutions for the second year running.
- Return on equity amounted to 14.7 per cent, driven by strong trading activity and higher interest rates. The CET1 capital ratio amounted to 19.0 per cent and the capital buffer was 470 basis points above the capital requirement.
- We believe we are in a good position to continue to support our customers and invest in our business. Our 2030 Strategy remains firm despite changes in our operating environment. We have a cost target for 2023 of SEK 26.5–27bn based on 2022 FX-rates.

Proposed dividend and share buyback

- The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 6.75 per share.
- The Board of Directors resolved to utilise the authorisation granted by the 2022 Annual General Meeting, to initiate a new quarterly share buyback programme of SEK 1.25bn.

SEK m	Q4			Q3		Q4		Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%		
Total operating income	18 829	16 551	14	14 127	33	64 589	55 638	16		
Total operating expenses	-6 757	-6 293	7	-6 097	11	-25 044	-23 245	8		
Net expected credit losses	- 506	- 567	-11	- 299	70	-2 007	- 510			
Imposed levies: Risk tax and resolution fees	- 578	- 572	1	- 255	127	-2 288	-1 019	125		
Operating profit before items affecting comparability	10 988	9 118	21	7 476	47	35 249	30 864	14		
Items affecting comparability	-1 399					-1 399				
Operating profit	9 590	9 118	5	7 476	28	33 850	30 864	10		
NET PROFIT	7 434	7 311	2	6 198	20	26 989	25 423	6		
Return on equity, %	14.7	14.9		12.9		13.8	13.9			
Return on equity excluding items affecting comparability, %	17.4	14.9		12.9		14.5	13.9			
Basic earnings per share, SEK	3.50	3.43		2.87		12.63	11.75			

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.



*RoE excluding items affecting comparability

A historical year

As we close the books for 2022, we look back at a year characterised by a tragic war in Europe, historically high energy prices, global inflationary pressure and central banks responding with rapid interest rate hikes. Meanwhile, asset prices depreciated, with financial markets leading the way and housing prices falling by more than 10 per cent in Sweden. Household and corporate sentiment declined sharply, with the most recent Deloitte/SEB Chief Financial Officer survey showing a deterioration in the near-term outlook for business opportunities among Swedish CFOs. Nevertheless, savings buffers built up during the pandemic contributed to surprisingly resilient demand and consumption, while labour markets remained strong. Overall, this resulted in a stronger economic growth than expected, both in the Nordic and the Baltic countries. However, macroeconomic and geopolitical uncertainty remains high for the coming year, with the economic recovery likely being dependent on the effectiveness of policy responses and the continued collaboration between countries.

Strength to continue supporting our customers

During the fourth quarter, the unprecedented macroeconomic environment continued to impact customer sentiment, activity and our results. Our large corporate customers remained cautious yet active, reflected in an increased demand for additional liquidity lines and risk management services. Financial institutions' risk appetite remained subdued, with a continued focus on risk management. Our private customers' demand for advice remained high and activity to manage deposits and mortgages increased due to the higher interest rate environment, however with low impact on volume growth.

Operating profit increased by 5 per cent quarter-on-quarter. Operating income increased 14 per cent, driven by higher interest rates and strong trading activity. Operating expenses rose 7 per cent, partly due to inflation and continued investments. Net expected credit losses amounted to 8 basis points. Total operating expenses for 2022 were in line with the FX-adjusted cost target. Return on equity was 14.7 per cent.

Driven by the challenges in the real estate sector, a model overlay for the real estate portfolio of SEK 0.3bn was made during the quarter, despite most companies being able to navigate the new interest rate environment.

As communicated in March 2022, it is not viable for SEB to maintain operations in Russia and we are therefore in the process of scaling these down. As the Russian Federation has limited transactions between subsidiaries in Russia and parent companies in so-called unfriendly countries, an impairment of SEK 1.4bn has been made for the group's assets in Russia.

Our capital buffer remains robust at 470 basis points. The Board of Directors has proposed a dividend of SEK 6.75 per share and decided on a new quarterly share buyback programme of SEK 1.25bn until the Annual General Meeting. In 2022, SEB repurchased shares for capital management purposes for a total amount of SEK 5bn, in line with our communicated plan.

With our solid earnings capacity, capital and liquidity buffers, we believe we are in a good position to continue to support our customers and invest in our business.

Progressing in line with our three-year business plan

With this quarter, we conclude the first year of our three-year business plan. In line with our 2030 Strategy, we focus our efforts on four areas: *acceleration of efforts*, *strategic change*, *strategic partnerships*, and *efficiency improvement*.

Delivering on *acceleration of efforts*, our Sustainability Activity Index (The Green) increased by 59 per cent compared to the 2021 baseline, while our Carbon Exposure Index (The Brown) decreased by 17 per cent versus the 2019 baseline. We have also continued to expand our corporate banking business to the Netherlands, Austria and Switzerland.

In terms of *strategic change*, we have continued to develop the digital retail offering in both Sweden and the Baltics. This has included a more efficient household mortgage process, in Sweden reflected by a more than 30 per cent increase in the share of digital applications versus 2021. SEB introduced Banking-as-a-Service as a commercial offering, and it was decided to establish a business unit – SEB Embedded – to further refine these capabilities.

Among key *strategic partnerships*, we have strengthened our support to our Private Wealth Management customers, partnering with Ringkjøbing Landbobank in Denmark.

Related to *efficiency improvement*, further automation has allowed us to increase speed and efficiency, for example within sub-custody. A new group-wide data and analytics function was established to improve the governance and data-driven deliveries, and to coordinate business prioritisations across SEB.

Investing to future-proof our business

Despite changes to our operating environment during the year, our 2030 Strategy remains firm, though we have chosen to partly calibrate the sequencing of certain initiatives in our three-year business plan. In 2023, we will develop our business by further investing in areas such as digitalisation, data, sustainability and regulatory compliance. In the short-term, we have a cost target for 2023 of SEK 26.5-27bn, assuming 2022 FX-rates. An interval, in contrast to our historical point cost targets, reflects the high uncertainty regarding inflation in the economy. The overall ambition remains to create shareholder value – by future-proofing our business, increasing customer satisfaction, accelerating income growth and driving earnings per share growth – all in order to reach our long-term aspirational target of 15 per cent return on equity.

Our important role in society

Our role as a bank is to support people and businesses by providing advice, extending credits and enabling savings and investments. We help ensure that the wheels in society keep turning, through the economic infrastructure needed – and we drive progress and innovation through our customer relationships. Our dedicated and skilled employees enable us to do so, and with a long-term perspective we future-proof the bank by executing on our 2030 Strategy. That is how we create value for all our stakeholders, and positively shape the future, today and for generations to come.



Johan Torgeby
President and CEO

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Income statement on a quarterly basis, condensed

SEK m	Q4	Q3	Q2	Q1	Q4
	2022	2022	2022	2022	2021
Net interest income	9 715	8 925	7 742	7 062	6 717
Net fee and commission income	5 416	5 261	5 498	5 398	5 885
Net financial income	3 502	2 324	1 154	2 334	1 517
Net other income	196	41	47	-25	8
Total operating income	18 829	16 551	14 441	14 768	14 127
Staff costs	-4 172	-4 028	-4 017	-3 762	-3 795
Other expenses	-1 982	-1 755	-1 706	-1 543	-1 616
Depreciation, amortisation and impairment of tangible and intangible assets	-602	-510	-478	-488	-687
Total operating expenses	-6 757	-6 293	-6 201	-5 793	-6 097
Profit before credit losses and imposed levies	12 073	10 258	8 240	8 974	8 030
Net expected credit losses	-506	-567	-399	-535	-299
Imposed levies: Risk tax and resolution fees	-578	-572	-556	-582	-255
Operating profit before items affecting comparability	10 988	9 118	7 285	7 857	7 476
Items affecting comparability	-1 399				
Operating profit	9 590	9 118	7 285	7 857	7 476
Income tax expense	-2 156	-1 807	-1 443	-1 454	-1 278
NET PROFIT	7 434	7 311	5 842	6 403	6 198
Attributable to shareholders of Skandinaviska Enskilda Banken AB	7 434	7 311	5 842	6 403	6 198
Basic earnings per share, SEK	3.50	3.43	2.73	2.98	2.87
Diluted earnings per share, SEK	3.48	3.40	2.71	2.96	2.85

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Key figures

	Q4	Q3	Q4	Jan-Dec	
	2022	2022	2021	2022	2021
Return on equity, %	14.7	14.9	12.9	13.8	13.9
Return on equity excluding items affecting comparability ¹⁾ , %	17.4	14.9	12.9	14.5	13.9
Return on total assets, %	0.7	0.7	0.7	0.7	0.7
Return on risk exposure amount, %	3.4	3.4	3.2	3.2	3.4
Cost/income ratio ²⁾	0.36	0.38	0.43	0.39	0.42
Basic earnings per share, SEK	3.50	3.43	2.87	12.63	11.75
Weighted average number of shares ³⁾ , millions	2 121	2 133	2 163	2 137	2 164
Diluted earnings per share, SEK	3.48	3.40	2.85	12.53	11.67
Weighted average number of diluted shares ⁴⁾ , millions	2 139	2 150	2 178	2 153	2 179
Net worth per share, SEK	103.41	99.71	98.00	103.41	98.00
Equity per share, SEK	96.77	93.12	89.61	96.77	89.61
Average shareholders' equity, SEK bn	202.4	196.7	192.0	195.6	183.5
Net ECL level, %	0.08	0.08	0.05	0.07	0.02
Stage 3 Loans / Total Loans, gross, %	0.33	0.41	0.53	0.33	0.53
Stage 3 Loans / Total Loans, net, %	0.14	0.18	0.22	0.14	0.22
Liquidity Coverage Ratio (LCR) ⁵⁾ , %	143	120	145	143	145
Net Stable Funding Ratio (NSFR) ⁶⁾ , %	109	109	111	109	111
<u>Own funds requirement, Basel III</u>					
Risk exposure amount, SEK m	859 320	881 588	787 490	859 320	787 490
Expressed as own funds requirement, SEK m	68 746	70 527	62 999	68 746	62 999
Common Equity Tier 1 capital ratio, %	19.0	18.1	19.7	19.0	19.7
Tier 1 capital ratio, %	20.7	19.9	21.4	20.7	21.4
Total capital ratio, %	22.5	21.6	23.1	22.5	23.1
Leverage ratio, %	5.0	4.3	5.0	5.0	5.0
Number of full time equivalents ⁷⁾	16 616	16 491	15 716	16 283	15 551
Assets under custody, SEK bn	18 208	18 091	21 847	18 208	21 847
Assets under management, SEK bn	2 123	2 018	2 682	2 123	2 682

1) Impairment of the group's assets related to Russia in Q4 2022.

2) Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

3) At year-end 2021 the number of issued shares was 2,194,171,802 and SEB owned 37,774,605 Class A shares. During 2022 SEB purchased 6,061,021 shares for the long-term equity programmes and 6,364,511 shares were sold/distributed. During 2022 SEB purchased 43,262,222 shares for capital management purposes and 15,449,868 shares held for capital management purposes were cancelled. Thus, at 31 December 2022 the number of issued shares amounted to 2,178,721,934 and SEB held 65,283,469 own Class A-shares with a market value of SEK 7,831m.

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

5) In accordance with the EU delegated act.

6) In accordance with CRR2.

7) Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

In SEB's Fact Book, available at sebgroup.com, this table is extended with nine quarters of history.

Restated comparative figures

On 28 March 2022, SEB published a press release with restated financial information. The changes, that do not affect the group's net profit or capital ratios, are fully reflected throughout this report. See page 50-51 for more information and reconciliation to previously published financial information.

The fourth quarter

Operating profit increased by 5 per cent compared with the third quarter to SEK 9,590m (9,118). *Operating profit before items affecting comparability* increased by 21 per cent. Year-on-year operating profit increased by 28 per cent. *Net profit* amounted to SEK 7,434m (7,311).

Operating income

Total operating income increased by SEK 2,278m compared with the third quarter and amounted to SEK 18,829m (16,551). Compared with the fourth quarter 2021, total operating income increased by 33 per cent.

Net interest income amounted to SEK 9,715m, which represented an increase of 9 per cent compared with the third quarter (8,925) and an increase of 45 per cent year-on-year. The policy rate of the Swedish central bank increased twice in the third quarter and again in the fourth quarter, from 0.25 to 2.50 per cent. The European central bank raised its key rates four times in the second half of the year. This affected margins on both loans and deposits.

	Q4	Q3	Q4
SEK m	2022	2022	2021
Customer-driven NII	10 943	8 929	6 371
NII from other activities	-1 228	-4	346
Total	9 715	8 925	6 717

Customer-driven net interest income increased by SEK 2,014m compared with the third quarter. The main reason was an increase in deposit margins following the policy rate hikes, both in Sweden and the Baltic countries. There was a negative lending margin effect while both lending and deposit volumes contributed positively. The deposit guarantee fees amounted to SEK 106m (113).

Net interest income from other activities decreased by SEK 1,224m compared with the third quarter explained by, among other things, internal funds transfer prices, higher financing cost of the Treasury bond portfolio and lower margin between short term-loans and short-term deposits.

Net fee and commission income increased by 3 per cent in the fourth quarter to SEK 5,416m (5,261). Year-on-year, net fee and commission income decreased by 8 per cent.

Gross fee income from custody and mutual funds, excluding performance fees, decreased by SEK 183m to SEK 2,251m from the third quarter. Even as equity markets picked up during the quarter, average asset values were lower compared to the third quarter and decreased the gross fee income related to mutual funds. Performance fees amounted to SEK 84m (61).

Capital markets remained slow. Gross fee income from issuance of securities and advisory services decreased by 13 per cent in the fourth quarter to SEK 292m. Customers turned to bank financing as an alternative and gross lending fees increased by SEK 98m to SEK 923m. Equity markets recovered, and gross secondary market and derivatives income increased by 23 per cent in the fourth quarter to SEK 572m.

Net payment and card fees increased by 5 per cent in the quarter and amounted to SEK 1,238m (1,182). Card fees were flat in the quarter, while seasonal payment activity among other things increased.

The net life insurance commissions related to the unit-linked insurance business decreased to SEK 247m (257).

Net financial income increased by SEK 1,178m to SEK 3,502m in the fourth quarter (2,324). Year-on-year, net financial income increased by SEK 1,985m.

The current market conditions led to a continued strong demand for risk management services. There was a positive valuation effect in the Treasury portfolios.

The fair value credit adjustment¹ amounted to SEK 317m, an improvement of SEK 349m compared with the third quarter.

The market value change of certain strategic holdings amounted to SEK 109m in the fourth quarter, a positive change of SEK 35m compared with the third quarter.

Net financial income from the Life division increased by 33 per cent to SEK 280m (210). The favourable equity markets and higher interest rates had a positive effect on traditional and other portfolios and there was a positive one-time effect.

Net other income amounted to SEK 196m (41). Unrealised valuation and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses increased by 7 per cent in the fourth quarter and amounted to SEK 6,757m (6,293). Total operating expenses increased by 11 per cent year-on-year.

Staff costs were up by 4 per cent from the third quarter, partly due to an increase in the number of full-time equivalents to 16,616 (16,491). There was a derecognition amounting to SEK 111m for an obsolete core IT platform project in the Baltic division. Supervisory fees amounted to SEK 42m (42).

Costs developed according to plan for 2022. The cost target for 2022 and the new target for 2023 are outlined on page 14.

Comparative numbers (in parenthesis throughout the report)

Unless otherwise stated:

-the result for the reporting quarter is compared with the prior quarter

-the result for 2022 is compared with 2021

-business volumes are compared with the prior quarter

¹ Unrealised valuation change from counterparty risk (CVA) and own credit risk standing in derivatives (DVA). Own credit risk for issued securities (OCA) is reflected in Other comprehensive income.

Net expected credit losses

Net expected credit losses amounted to SEK 506m (567), corresponding to a net expected credit loss level of 8 basis points (8). A model overlay for the real estate portfolio taken in the quarter and further downward revisions of the macroeconomic scenarios increased ECL allowances. The underlying asset quality of the credit portfolio remained robust.

For more information on credit risk, asset quality, net expected credit losses and the portfolio model overlays, see page 11 and notes 13-15.

Imposed levies: Risk tax and resolution fees

Imposed levies amounted to SEK 578m (572). A risk tax on credit institutions was introduced in Sweden as of 1 January 2022. It is applied on credit institutions with a liabilities tax base exceeding SEK 150bn. The tax rate is 0.05 per cent of the tax base for 2022 and 0.06 per cent for 2023. The risk tax for the fourth quarter increased to SEK 300m (296). The resolution fees amounted to SEK 277m (277).

Items affecting comparability

Items affecting comparability amounted to SEK 1,399m. As communicated in March 2022, it is not viable for SEB to maintain operations in Russia and the bank is therefore in the process of scaling these down. The Russian Federation has limited transactions between subsidiaries in Russia and parent companies in so called unfriendly countries, and restricted funds that may be transferred abroad. An impairment of SEK 1.4bn, of the group's assets of approximately SEK 7bn related to Russia, has been recognised. See note 9.

Income tax expense

Income tax expense increased to SEK 2,156 (1,807) with an effective tax rate of 22.5 per cent (19.8). The effective tax rate has increased due to the SEK 1.4bn impairment of the group's assets related to Russia.

Return on equity

Return on equity for the fourth quarter decreased to 14.7 per cent (14.9). *Return on equity excluding items affecting comparability* amounted to 17.4 per cent (14.9).

Other comprehensive income

Other comprehensive income amounted to SEK 426m (-779).

The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees. With improved equity markets in the quarter, the net value of the defined benefit pension plans increased other comprehensive income by SEK 443m (-868). The Swedish discount rate was unchanged, at 3.8 per cent in the fourth quarter, as was the inflation assumption of 2 per cent.

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 -13m (92).

The full year

Operating profit increased by 10 per cent to SEK 33,850m compared with 2021 (30,864). *Operating profit before items affecting comparability* increased by 14 per cent to SEK 35,249m. *Net profit* amounted to SEK 26,989m (25,423).

Operating income

Total operating income increased by SEK 8,951m compared with 2021 and amounted to SEK 64,589m (55,638).

Net interest income amounted to SEK 33,443m, which represented an increase of 28 per cent compared with 2021 (26,097).

SEK m	Jan-Dec		Change
	2022	2021	%
Customer-driven NII	33 603	26 029	29
NII from other activities	-160	68	
Total	33 443	26 097	28

Customer-driven net interest income increased by SEK 7,574m year-on-year. Increased deposit margins represented the main increase following the policy rate hikes, both in Sweden and the Baltic countries. Lending margins contributed negatively. Lending volumes, of which a part related to bridge financing, contributed positively. The deposit guarantee fees amounted to SEK 421m (345).

Net interest income from other activities decreased by SEK 228m year-on-year.

Net fee and commission income increased by 2 per cent compared with 2021 to SEK 21,573m (21,142).

Net payment and card fees increased by SEK 1,053m to SEK 4,565m. Payment activity and especially card usage recovered from the subdued pandemic levels in the prior year.

The gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 346m to SEK 9,675m compared with 2021. The gross fee income reflected a positive effect from the volume growth in the custody business since year-end 2021. Performance fees decreased to SEK 442m (675).

Capital market-related activity slowed markedly compared with 2021. Corporate customers increasingly preferred traditional bank financing over issuing own bonds. Gross fee income from issuance of securities and advisory services decreased by SEK 496m to SEK 1,458m. Gross lending fees, on the other hand, mainly event-related, increased by SEK 346m to SEK 3,546m.

Higher activity in the financial markets during the year resulted in an increase of secondary market and derivatives income of 6 per cent from 2021 to SEK 2,142m.

The net life insurance commissions related to the unit-linked insurance business amounted to SEK 1,009m (1,207).

Net financial income increased by SEK 1,079m to SEK 9,314m compared with 2021.

The fair value credit adjustment¹) amounted to SEK 457m, an increase of SEK 156m compared with 2021.

The market value change of certain strategic holdings amounted to SEK -107m for the year, a negative change of SEK 663m in net financial income year-on-year.

There was a positive contribution from Treasury. Mark-to-market valuation effects related to swap hedges, within liquidity management as well as the bond portfolio were positive.

In 2021, a valuation gain from the sale of Tink of SEK 514m was reported. In 2022, there was a realised gain of SEK 262m from the actual sale. Therefore net financial income was SEK 252m lower in comparison with last year.

Net financial income from the Life division decreased by SEK 235m to SEK 810m. Valuations in the traditional life insurance portfolio were affected by both higher interest rates and the stock market decline during the year. In addition, recovery in the traditional portfolios contributed strongly in 2021.

Net other income amounted to SEK 258m (164). Unrealised valuation and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses amounted to SEK 25,044m (23,245), representing an increase of 8 per cent.

Staff costs increased by 4 per cent. Other expenses increased by 21 per cent, mainly related to IT investments, consulting costs and increased travel. Supervisory fees amounted to SEK 174m (170).

Net expected credit losses

Net expected credit losses increased to SEK 2,007m (510), corresponding to a net expected credit loss level of 7 basis points (2), due to downward revisions of the macroeconomic scenarios and increased provisions on a few specific counterparties. During the year, the portfolio model overlays increased to SEK 2.2bn. Covid-19- and oil portfolio-related model overlays were released, and new portfolio model overlays were made to reflect risks from higher energy prices, supply chain issues and inflation as well as the challenges in the Swedish real estate sector as many companies are adjusting to the new interest rate and capital market environments.

For more information on credit risk, asset quality, net expected credit losses and the portfolio model overlays, see further page 11 and notes 13-15.

Imposed levies: Risk tax and resolution fees

Imposed levies amounted to SEK 2,288m (1,019). The risk tax implemented in 2022 amounted to SEK 1,187m. The resolution fees rose to SEK 1,101m (1,019).

Items affecting comparability

The *item affecting comparability* in the amount of SEK 1,399m was recognised in the fourth quarter. See page 8.

Income tax expense

Income tax expense increased to SEK 6,861m (5,441) with an effective tax rate of 20.3 per cent (17.6). The effective tax rate has increased due to the SEK 1.4bn impairment of the group's assets related to Russia and also to a lower result from investments in shares held for business purposes which are exempt from income tax.

Return on equity

Return on equity for 2022 decreased to 13.8 per cent (13.9). *Return on equity before items affecting comparability* amounted to 14.5 per cent (13.9).

Other comprehensive income

Other comprehensive income amounted to SEK 2,198m (14,783). The change in net value of the defined benefit pension plans affected other comprehensive income by SEK 641m (14,061).

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 1,510m (708).

¹ *Unrealised valuation change from counterparty risk (CVA) and own credit risk standing in derivatives (DVA). Own credit risk for issued securities (OCA) is reflected in Other comprehensive income.*

Operating profit by country

Distribution by country Jan - Dec										Operating profit		
SEK m	Total operating income			Total operating expenses			Operating profit excl IAC			in local currency excl IAC		
	2022	2021	%	2022	2021	%	2022	2021	%	2022	2021	%
Sweden	40 172	36 326	11	-16 135	-15 668	3	20 166	19 289	5	20 166	19 289	5
Norway	4 315	3 264	32	-1 693	-1 469	15	2 574	1 699	51	2 446	1 702	44
Denmark	3 298	2 715	21	-1 376	-1 245	11	1 772	1 405	26	1 240	1 030	20
Finland	2 554	2 173	18	-979	-834	17	1 476	1 311	13	139	129	7
Germany	2 740	2 374	15	-896	-781	15	1 795	1 546	16	169	152	11
Estonia	2 329	1 926	21	-792	-687	15	1 514	1 250	21	142	123	16
Latvia	1 510	1 230	23	-638	-567	12	893	738	21	84	73	15
Lithuania	3 367	2 336	44	-1 037	-850	22	2 287	1 554	47	215	153	40
United Kingdom	1 187	1 365	-13	-480	-400	20	689	939	-27	55	80	-30
International network	3 521	2 462	43	-1 422	-1 278	11	2 065	1 132	82			
Eliminations	-404	-534	-24	404	534	-24	18	1	0			
Total¹⁾	64 589	55 638	16	-25 044	-23 245	8	35 249	30 864	14			

1) Total operating profit including Items Affecting Comparability amounted to SEK 33,850m for 2022 and SEK 30,864m for 2021.

The full year

External conditions such as customer response to inflationary expectations and the rapidly changed interest rate levels have affected the operating profit also in the geographical dimension. In addition, the foreign exchange rates led to positive revaluation effects when converting the geographical sites' result to Swedish krona.

Sweden: Sweden's operating profit represented around 57 per cent of the group. Income was higher as a result of the positive effect from higher policy rate on deposits, but also from higher lending volumes. The cost base increased with continued investments according to SEB's strategy and the risk tax lowered operating profit with SEK 1.2bn.

Denmark: High customer activity in the Danish fixed income market and high demand for corporate banking products led to a strong operating profit. SEB continued to be deeply involved in the climate transition dialogues and executed several sustainability related transactions.

Norway: The volatile markets resulted in high customer activity in several segments, which led to strong income and operating profit. In the challenging macroeconomic environment, SEB continued to proactively support customers which is reflected in our strong position in sustainability transition, both through sustainability-linked products and advisory, but also by introducing impact scale-ups to our pro-bono incubator SEB ScaleCenter.

Finland: High customer activity resulted in increased operating income with improved profitability. Besides increasing interest rates, the result was supported by customer demand for risk management services, corporate loans, sustainable banking solutions and custody services.

Germany: The economy was exposed to multiple challenges and uncertainty was at an unprecedented level. SEB's expertise in foreign exchange and commodities risk management was in high demand. Project financing activity increased, and corporate clients were supported in their de-carbonisation efforts, evidenced by a number of sustainability advisory mandates. In all, this had a positive impact on income and operating profit.

Estonia, Latvia and Lithuania: The Baltic countries showed strong operating profits, primarily supported by strong interest income from higher interest rates on deposits but also from high customer activity. The Baltic economies remained relatively stable despite increasing signs of weakening activity in the wake of high levels of inflation. See comments on the divisional result for the fourth quarter on page 20 for more information.

United Kingdom: 2022 was marked by rising inflation and political turmoil. Despite the change in economic environment and valuation effects our underlying income development was favourable. Growth was generated in most areas particularly in structured finance, whilst also gaining momentum in the sustainability area. A larger number of our clients were using hedging products for risk management due to market volatility.

International network: SEB continued to support its home market clients as a reliable long-term partner with a clear international strategy, presence and local advisory capabilities.

Business volumes

Total assets as of 31 December 2022 amounted to SEK 3,533bn, representing a decrease of SEK 774bn from the end of the third quarter (4,277). Year-on-year, total assets increased by SEK 229bn.

Loans

SEK bn	31 Dec	30 Sep	31 Dec
	2022	2022	2021
General governments	27	18	17
Financial corporations	120	118	101
Non-financial corporations	1 019	1 028	900
Households	719	718	704
Collateral margin	75	98	44
Reverse repos	106	139	81
Loans to the public	2 065	2 119	1 846

Loans to the public decreased by SEK 54bn in the fourth quarter to SEK 2,065bn and increased by 219bn in the full year.

Loans as well as contingent liabilities and derivatives are included and managed in the credit portfolio. See the section Risk and capital for information on the credit portfolio.

Deposits and borrowings

SEK bn	31 Dec	30 Sep	31 Dec
	2022	2022	2021
General governments	19	69	20
Financial corporations	409	676	368
Non-financial corporations	693	750	673
Households	450	455	439
Collateral margin	119	169	88
Repos	12	9	8
Registered bonds		0	1
Deposits and borrowings from the public	1 702	2 127	1 597

Deposits and borrowings from the public decreased by SEK 425bn in the fourth quarter to SEK 1,702bn (2,127). In the fourth quarter, financial institutions normally review their cash management and financial position, leading to deposit withdrawals. Compared with year-end 2021, deposits and borrowings increased by SEK 105bn

Debt securities

Debt securities decreased by SEK 63bn to SEK 253bn in the fourth quarter. Compared with year-end 2021, debt securities increased by SEK 47bn. The volume movements partially mirror the changes in SEB's deposit base. The securities are short-term in nature and have high credit worthiness.

Assets under management and custody

Total *assets under management* amounted to SEK 2,123bn (2,018). The market value increased by SEK 113bn during the quarter (-60). The net flow of assets under management amounted to SEK -8bn (-22).

Assets under custody amounted to SEK 18,208bn due to increasing asset values (18,091).

Risk and capital

SEB's business is exposed to many different types of risks. The risk composition of the group, as well as the related risk, liquidity and capital management, are described in SEB's Annual and Sustainability Report for 2021 (see page 86-91 and notes 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.

Credit risk and asset quality

SEK bn	31 Dec	30 Sep	31 Dec
	2022	2022	2021
Banks	127	145	102
Corporates	1 687	1 668	1 473
Commercial real estate management	209	198	188
Residential real estate management	146	145	152
Housing co-operative associations Sweden	72	73	74
Public administration	91	105	83
Household mortgage	671	679	670
Household other	85	85	86
Total credit portfolio	3 086	3 097	2 828

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, decreased by SEK 11bn in the fourth quarter to SEK 3,086bn (3,097) and increased by SEK 258bn in the year. The corporate credit portfolio increased by SEK 19bn in the quarter mainly driven by an increase in commitments and other contingent liabilities, and by SEK 214bn in the year, driven partly by currency effects. The real estate portfolios, including housing co-operative associations, increased by SEK 11bn while household mortgages decreased by SEK 8bn in the fourth quarter.

Asset quality indicators such as past due loans continued to be largely unchanged during the quarter. Credit-impaired loans (gross loans in stage 3) decreased to SEK 6.8bn (8.7), corresponding to 0.33 per cent of total loans (0.41), mainly due to write-offs and repayments. Stage 1 and 2 ECL allowances increased mainly from an increased model overlay and macroeconomic scenario revisions. See net expected credit loss comment in note 13.

Notes 13-15 provide a more detailed breakdown of SEB's loan portfolio by industry and asset quality as well as corresponding ECL allowances. The Fact book provides a breakdown of SEB's credit portfolio and lending portfolio by industry and geography.

Market risk

Lower volatilities, higher equity prices and lower credit spreads decreased the market risk in SEB's trading book. In the fourth quarter, average VaR in the regulatory trading book amounted to SEK 267m (298). The group does not expect to lose more than this amount, on average, during a period of ten trading days with 99 per cent probability. SEB's business model is mainly driven by customer demand.

Liquidity and funding

SEB maintained a strong and diversified liquidity and funding position in the quarter. The loan-to-deposit ratio was 116 per cent per 31 December 2022 (93).

SEB's long-term wholesale funding need continued to be mainly regulatory-driven. New issuance amounted to SEK 35bn, of which SEK 13bn in covered bonds, SEK 11bn in senior preferred debt and SEK 11bn in senior non-preferred

debt. SEK 74bn of long-term funding matured, of which SEK 58bn covered bonds and SEK 16bn senior debt. Short-term funding in the form of commercial paper and certificates of deposit decreased by SEK 10bn.

Liquid assets defined according to the liquidity coverage ratio (LCR) requirements amounted to SEK 695bn at 31 December 2022 (1,207) and the LCR 143 per cent (120). The minimum regulatory requirement is 100 per cent.

The net stable funding ratio (NSFR) requirement is that stable funding shall be at least 100 per cent of illiquid assets. Per 31 December 2022, SEB's NSFR was 109 per cent (109).

Rating

Fitch rates SEB's long-term senior unsecured debt at AA- with stable outlook. 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 July 2022.

Since October 2021, Moody's rates SEB's long-term senior unsecured debt at Aa3 with stable outlook reflecting the bank's strong credit quality and solid capitalisation, which is expected to demonstrate continued resilience despite a less favourable macroeconomic outlook.

S&P rates SEB's long-term senior unsecured debt at A+ with stable outlook. 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 July 2022.

Risk exposure amount

The total risk exposure amount (REA) decreased by SEK 23bn to SEK 859bn during the fourth quarter.

SEK bn	
Balance 30 Sep 2022	882
Underlying credit risk change	-9
- whereof asset size	-3
- whereof asset quality	-6
- whereof foreign exchange movements	0
Underlying market risk change	-13
- whereof CVA risk	-1
Underlying operational risk change	0
Model updates, methodology & policy, other	0
- whereof credit risk	0
Balance 31 Dec 2022	859

Market risk REA decreased by SEK 13bn, mainly driven by the improved market sentiment. Credit risk REA decreased by SEK 9bn due to improved asset quality and a slight decrease in volume. Operational risk REA remained largely unchanged and there were no model and methodology updates during the quarter.

Capital position

The following table shows REA and capital ratios according to applicable capital regulation:

Own funds requirement, Basel III	31 Dec	30 Sep	31 Dec
	2022	2022	2021
Risk exposure amount, SEK bn	859	882	787
Common Equity Tier 1 capital ratio, %	19.0	18.1	19.7
Tier 1 capital ratio, %	20.7	19.9	21.4
Total capital ratio, %	22.5	21.6	23.1
Leverage ratio, %	5.0	4.3	5.0

SEB's Common Equity Tier 1 (CET1) capital ratio increased to 19.0 per cent (18.1) during the fourth quarter. Both the CET1 capital which increased by SEK 3.1bn mainly attributable to the net result and the decrease in REA of SEK 23bn improved the CET1 capital ratio.

SEB's third share buyback programme of SEK 1.25bn was completed on 30 December 2022. This was part of SEB's supervisory approval to repurchase shares for up to SEK 2.5bn until the 2023 Annual General Meeting. The full amount was deducted from the CET1 capital in the third quarter. On 25 January 2023, the Board decided on a new quarterly share buyback programme of SEK 1.25bn until the Annual General Meeting on 4 April 2023. See page 15.

SEB's applicable CET1 capital requirement and Pillar 2 guidance (P2G) per the end of the fourth quarter was 14.2 per cent (14.0). SEB's target is to have a buffer of 100 to 300 basis points above the capital requirement. The buffer shall cover sensitivity to currency fluctuations in REA, changes in the net value of the Swedish defined benefit pension plan as well as general macroeconomic uncertainties. The buffer is currently approximately 470 basis points (410).

SEB's leverage ratio was 5.0 per cent at the end of the quarter (4.3) whereas the leverage ratio requirement and P2G was 3.45 per cent (3.45).

Dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 6.75 per Class A and Class C share, which corresponds to around 51 per cent of the 2022 net profit, excluding items affecting comparability. The proposed total dividend amounts to SEK 14.3bn calculated on the total number of issued shares as per 31 December 2022 excluding own shares held.

The proposed record date for the dividend is 6 April 2023 and dividends will be paid out on 13 April 2023. The share will be traded ex-dividend on 5 April 2023.

Internally assessed capital requirement

As per 31 December 2022, the internally assessed capital requirement, including insurance risk, amounted to SEK 102bn (105). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the SFSA due to differences in assumptions and methodologies.

The internally assessed capital requirement for the parent company was SEK 87bn (89).

Business development

In 2022, SEB communicated its 2030 Strategy and three-year business plan for 2022-2024. Every second quarter we follow up on the progress and important milestones related to strategic initiatives within the four pillars of our 2030 Strategy: Acceleration of efforts, Strategic change, Strategic partnerships and Efficiency improvements.

Acceleration of efforts

Due to our efforts to continue to *build on our corporate franchise*, SEB retained its position as the leading corporate bank in the Nordics in a recent survey by Kantar Sifo Prospera. Large corporates once again ranked SEB as number one in Sweden and Finland and now also in Norway. For the second year in a row, SEB was also ranked as the best bank by Nordic financial institutions in Prospera's Institutional Banking survey.

SEB's ambition is to be a leading catalyst in the *sustainable transition* by financing and investing in the transition as well as transforming our own business. In November, we reported on the progress on the ambitions and goals within the climate area at our second sustainability event, and published net-zero aligned 2030 interim targets for specific sectors in the credit portfolio.

Through SEB Greentech Venture Capital, SEB has so far invested in six companies with transformative ideas that can have a substantial impact in reducing greenhouse gas emissions or in preventing transgression of the planetary boundaries. The capital dedicated to greentech investments was doubled from SEK 300m to SEK 600m during the autumn. The most recent investment was in Qvantum Industries, which develops and builds innovative heat pump solutions.

Within *savings and investments*, SEB Investment Management continued to broaden their savings offering, by launching a number of new funds, including the Nordic Future Opportunity Fund, which seeks to create a positive environmental and social impact to achieve the long-term objectives of the Paris Agreement and UN SDG's. In the life insurance digital advisory function, SEB Bot Advisor, customers can now receive advice based on their age and risk and sustainability preferences.

Strategic change

The *accelerated digitalisation* of our retail banking offering in both Sweden and the Baltics continued. In the Swedish business mobile app and internet platform, digital signing functionality was launched for a number of products, including ISK-accounts and foreign exchange transactions, and agreements. In the Baltics, remote private customer onboarding in the mobile app was launched in Estonia, completing the self-service onboarding functionality in the region. Several new debit/credit card management and payment functionalities were introduced, enabling more self-service by customers and reducing the number of incoming calls to the customer call centres.

The *Private Wealth Management & Family Office* division's strategy is to expand in the Nordic countries and Germany, establish SEB as a leading partner for professional family offices and strengthen international reach. In November, the representative office in Nice was inaugurated. Professional family office coverage units have been established in Denmark and Germany. The division has also launched new products and services including philanthropy advisory and alternative investment funds such as SEB Credit Opportunity, Pophouse fund and Arte Collectum I.

A new business unit, SEB Embedded, was created to commercialise the Banking-as-a-Service concept, one of the services stemming from SEB's *innovation studio SEBx*.

Strategic partnerships

In our ambition to rethink how we produce and distribute our products and services, SEB has entered several strategic partnerships. Through the partnership with Oxceed, a new service was launched to corporate customers to provide a better overview of their financial reporting. This strategically important service further strengthens SEB's position in the corporate market.

Since October, SEB offers a digital energy analysis providing customers suggestions on how they can lower their electricity costs and at the same time reduce their climate footprint. The new service is aimed at customers living in houses or semi-detached houses. The service is free of charge and developed together with Econans.

SEB launched Google pay in our channels in the Baltics, complementing Apple pay which we launched earlier in the year.

Efficiency improvements

Automation and efficiency improvements continued. Some notable deliveries included further automation of the sub-custody process with the aim of increasing scalability and operational efficiency and reduce operational risks, and progress on the payment infrastructure transformation. The virtual assistant Aida solved about 50 per cent of all internal employee IT support errands during 2022.

When it comes to enhancing regulatory capabilities, a new Financial Intelligence Unit was set up within the Financial Crime Prevention unit, to strengthen our defence against financial crime and our ability to detect, prevent and report suspicious activity. It will also allow us to further deepen our cooperation with other organisations, such as the police, following the launch of the Swedish Anti-Money Laundering Intelligence Task Force two years ago.

Other information

Long-term financial targets for the group

With the overall purpose to increase 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 repurchases,
- 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.

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

Business plan 2022-2024 and cost target

The aim is to create shareholder value by accelerating income growth, driving earnings per share growth, increasing our profitability and future-proofing the business. This will be achieved by capitalising on a position of strength and by further investing into the business, as outlined in the 2030 Strategy and the business plan for 2022-2024. All of this is with the overall ambition to grow earnings per share and reach the long-term aspirational target of 15 per cent return on equity.

Despite changes to our operating environment during the year, the 2030 Strategy remains firm, but the sequencing in the three-year business plan has been calibrated. In 2023, we will develop our business by further investing in areas such as digitalisation, data, sustainability and regulatory compliance.

The cost target for 2023 is SEK 26.5-27bn, assuming 2022 foreign exchange rates. An interval reflects the high uncertainty regarding inflation in the economy.

The cost target for 2022 was SEK 24.5bn, assuming 2021 foreign exchange rates. With the year-end 2022 foreign exchange rates, the implied cost target for 2022 was SEK 25.0bn.

Towards the end of the business plan period, the plan is to be within the long-term capital target of 100-300 basis points above the regulatory requirement.

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 with 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.

2022 outcome on divisional financial aspirations

Division	Return on business equity		Cost/ income ratio	
	Target	Outcome	Target	Outcome
Large Corporates & Financial Institutions	>13%	14.5	<0.50	0.38
Corporate & Private Customers	>16%	18.2	<0.40	0.38
Private Wealth Management & Family office	>25%	33.9	<0.50	0.49
Baltic	>20%	28.6	<0.40	0.34
Life	>30%	33.7	<0.45	0.43
Investment Management	>40%	61.2	<0.40	0.42

2023 divisional financial aspirations

The financial aspirations were reviewed as part of the annual business plan update to cover the following: the move of Asset Management Sales from Large Corporates & Financial Institutions to Investment Management; reporting the resolution fee outside total income changed group C/I; and the introduction of the risk tax requires a lower C/I ratio to deliver on the return on equity ambition.

Division	Return on business equity	Cost/ income ratio
Large Corporates & Financial Institutions	>13%	<0.45
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%	<0.45

Sustainability ambitions and goals

As part of SEB's strategy, sustainability ambitions and goals have been defined, laying out a path for reducing fossil fuel credit exposure and setting growth ambitions for sustainable activities. The outcome of the main measures are as follows.

Carbon exposure index - The Brown: The goal is to reduce fossil fuel credit exposure by 45-60 per cent by 2030 compared with a 2019 baseline. At the end of 2022, the reduction was 17 per cent. The main drivers during the year were that oil and gas exposure decreased according to plan while the power generation and transmission exposures increased. SEB assisted energy producers through the European energy crisis by providing liquidity.

Sustainability activity index - The Green: The ambition is to increase average sustainability activity 6 to 8 times by 2030 compared with a 2021 baseline. Sustainability activity is a volume-based metric including sustainability-related financing, sustainable finance advisory, greentech venture capital investments and sustainable savings products as share of SEB's total savings products offering. At the end of 2022, the index was 159 with growth in all categories.

For detailed information see SEB's Annual and Sustainability Report at sebg.com.

Impact from exchange rate fluctuations

Compared with the third quarter, the Swedish krona was weaker versus the Euro, but somewhat stronger towards the US dollar.

The currency effect increased operating profit before items affecting comparability for the fourth quarter by SEK 96m. Loans to the public increased by SEK 2bn while deposits from the public decreased by SEK 5bn. Total REA decreased by SEK 3bn, and the decrease of total assets was SEK 6bn.

Share buyback programmes

On 22 March 2022, SEB announced its second SEK 2.5bn share buyback programme for capital management purposes. The repurchases of shares began on 23 March 2022 and ended on 24 October 2022. During that period, SEB repurchased 23,375,979 of its own Class A shares at an average price per share of SEK 106.95, for a total purchase amount of SEK 2.5bn.

In the third quarter 2022, SEB received supervisory approval to repurchase shares for up to SEK 2.5bn until the 2023 Annual General Meeting. On 25 October 2022, SEB announced its third share buyback programme, which ran between 27 October and 30 December 2022. During that period, SEB repurchased 10,508,310 of its own Class A shares at an average price per share of SEK 118.95, for a total purchase amount of SEK 1.25 billion.

On 25 January 2023, the Board of Directors resolved to utilise the authorisation granted by the Annual General Meeting held on 22 March 2022, to initiate a new SEK 1.25bn buyback programme of Class A shares. The share buyback programme is expected to commence on 27 January 2023 and end on 3 April 2023, at the latest.

During 2022 the plan was to distribute between SEK 5 and 10bn to shareholders through share buybacks, subject to market conditions. During 2022, SEB repurchased shares, for capital management purposes, for a total amount of SEK 5bn in line with the communicated plan for the year.

As of 31 December 2022, the total number of issued shares in SEB amounted to 2,113,438,465 and SEB held 65,283,469 own shares, of which 37,983,650 were repurchased for capital purposes.

A maximum number of shares may be repurchased so that SEB's total holding at any time does not exceed 10 per cent of SEB's total number of issued shares. Repurchased shares are expected to be cancelled during the first half of 2023.

Uncertainties

The relevant overall risks and uncertainties for the SEB Group are outlined in the 2021 Annual and Sustainability Report and in previous 2022 Quarterly Reports.

Increasing inflation has caused central banks to raise interest rates and initiate or plan for quantitative tightening. On 24 November 2022, the Executive Board of the Swedish central bank announced its decision to increase the policy rate by 0.75 percentage points to 2.50 per cent as of 30 November 2022. The Swedish central bank's forecast for the policy rate shows that the policy rate will probably be raised further at the beginning of 2023 and then be just below 3 per cent. Interest rate levels are key factors affecting SEB's net interest income and operating profit.

A negative global macroeconomic development may have implications on SEB's asset quality and asset values may deteriorate. Financial markets' volatility may impact fair values of certain financial instruments and holdings, and consequently, net financial income and capital, and financial institutions may be affected in terms of funding availability.

Events after the balance sheet date

On 16 January 2023 it was announced that Jonas Ahlström, currently co-head of SEB's division Large Corporates & Financial Institutions (LC&FI) and a member of SEB's Group Executive Committee, will become sole head of LC&FI.

Joachim Alpen, co-head of LC&FI and a member of SEB's Group Executive Committee, has decided to leave SEB to pursue new opportunities outside the bank. The changes were effective immediately.

Business segments

Income statement by segment

Jan-Dec 2022, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Net interest income	14 152	14 231	1 660	4 319	-36	18	-907	6	33 443
Net fee and commission income	7 402	4 814	1 474	1 854	2 549	3 227	271	-18	21 573
Net financial income	4 992	549	75	723	810	66	2 130	-32	9 314
Net other income	-20	16	2	13	6	3	243	-6	258
Total operating income	26 526	19 610	3 211	6 910	3 330	3 314	1 738	-50	64 589
Staff costs	-4 512	-2 942	-742	-1 332	-719	-581	-5 153	1	-15 980
Other expenses	-5 568	-4 346	-828	-816	-696	-794	6 013	49	-6 986
Depreciation, amortisation and impairment of tangible and intangible assets	-29	-67	-3	-198	-21	-11	-1 750		-2 078
Total operating expenses	-10 109	-7 355	-1 573	-2 345	-1 436	-1 386	-890	50	-25 044
Profit before credit losses and imposed levies	16 417	12 255	1 638	4 565	1 893	1 929	848	0	39 544
Net expected credit losses	-1 251	-785	-16	17	-1	0	27	1	-2 007
Imposed levies: Risk tax and resolution fees	-1 218	-862	-69	-62		-1	-76	0	-2 288
Operating profit before items affecting comparability	13 948	10 608	1 553	4 520	1 892	1 928	799	1	35 249
Items affecting comparability							-1 399		-1 399
Operating profit	13 948	10 608	1 553	4 520	1 892	1 928	-600	1	33 850

Jan-Dec 2021, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Net interest income	10 578	11 115	881	3 043	-27	-19	574	-48	26 097
Net fee and commission income	7 189	4 183	1 401	1 695	2 788	3 620	304	-37	21 142
Net financial income	4 743	465	64	345	1 044	28	1 569	-23	8 235
Net other income	22	15	9	12	48	5	58	-5	164
Total operating income	22 532	15 778	2 354	5 096	3 853	3 633	2 505	-114	55 638
Staff costs	-4 115	-2 944	-668	-882	-690	-544	-5 529	1	-15 372
Other expenses	-5 106	-3 733	-714	-1 105	-667	-729	6 178	113	-5 763
Depreciation, amortisation and impairment of tangible and intangible assets	-64	-270	-4	-30	-20	-11	-1 712		-2 110
Total operating expenses	-9 286	-6 947	-1 386	-2 017	-1 377	-1 283	-1 063	114	-23 245
Profit before credit losses and imposed levies	13 247	8 830	968	3 079	2 476	2 350	1 442	0	32 393
Net expected credit losses	-660	-66	-4	216	0	0	7	-3	-510
Imposed levies: Risk tax and resolution fees	-594	-321	-21	-62		-1	-20		-1 019
Operating profit before items affecting comparability	11 993	8 444	944	3 233	2 476	2 349	1 429	-3	30 864
Items affecting comparability									
Operating profit	11 993	8 444	944	3 233	2 476	2 349	1 429	-3	30 864

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Large Corporates & Financial Institutions

The division offers commercial and investment banking services to large corporate and institutional clients in the Nordic region, Germany and the United Kingdom. Customers are also served through an international network in some 20 offices.

Income statement

SEK m	Q4		Q3		Q4		Jan–Dec		
	2022	2022	%	2021	%	2022	2021	%	
Net interest income	4 241	3 680	15	2 627	61	14 152	10 578	34	
Net fee and commission income	1 886	1 719	10	2 018	-7	7 402	7 189	3	
Net financial income	1 732	1 134	53	1 199	44	4 992	4 743	5	
Net other income	50	-84		-4		-20	22		
Total operating income	7 910	6 450	23	5 840	35	26 526	22 532	18	
Staff costs	-1 153	-1 108	4	-1 060	9	-4 512	-4 115	10	
Other expenses	-1 486	-1 375	8	-1 351	10	-5 568	-5 106	9	
Depreciation, amortisation and impairment of tangible and intangible assets	-6	-7	-4	-14	-55	-29	-64	-54	
Total operating expenses	-2 645	-2 489	6	-2 425	9	-10 109	-9 286	9	
Profit before credit losses and imposed levies	5 265	3 961	33	3 415	54	16 417	13 247	24	
Net expected credit losses	-244	-349	-30	-287	-15	-1 251	-660	90	
Imposed levies: Risk tax and resolution fees	-305	-277	10	-149	105	-1 218	-594	105	
Operating profit	4 716	3 334	41	2 980	58	13 948	11 993	16	
Cost/Income ratio	0.33	0.39		0.42		0.38	0.41		
Business equity, SEK bn	77.9	74.9		64.2		74.1	64.6		
Return on business equity, %	18.6	13.7		14.3		14.5	14.3		
FTEs, present ¹⁾	2 173	2 196		2 155		2 189	2 076		

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

- Corporate clients actively managed their working capital and risk management positions
- Subdued risk appetite among institutional clients
- Operating profit amounted to SEK 4,716m and return on business equity was 18.6 per cent

Comments on the fourth quarter

The continued macroeconomic uncertainty remained evident in the fourth quarter in the wake of maintained inflationary pressure, rising interest rates and elevated market volatility.

Within the *large corporate* customer segment, demand for risk management services continued at a high level as corporates sought to mitigate risks in their supply chains. Cash management benefitted from rising interest rates and for interest rate reasons trade finance customers actively reviewed their supply chains. Corporate lending increased when capital markets funding was challenging. In the primary market, investor appetite was modest, leading to relatively thin volumes within mergers and acquisitions as well as equity capital markets.

Within the *financial institutions* customer segment, risk appetite among clients remained subdued following the high market volatility in fixed income and equity markets. The lower demand for fixed income products and modest activity in cash equities execution persisted due to uncertain markets

whereas the volatile macroeconomic environment stimulated an increased client interest in derivatives execution and foreign exchange hedges.

Assets under custody increased to SEK 18,208bn (18,091) mainly as a consequence of increased asset values.

Operating profit amounted to SEK 4,716m. Net interest income increased by 15 per cent, primarily driven by interest rate hikes. Net fee and commission income increased by 10 per cent, partly reflecting fees connected to increased lending activity. Net financial income increased by 53 per cent driven primarily by change in credit spreads which affected the fair value credit adjustment. Operating expenses increased by 6 per cent. Net expected credit losses decreased to SEK 244m, with a net expected credit loss level of 7 basis points. See note 13.

Corporate & Private Customers

The division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries. Swedish affluent individuals are also offered private banking services.

Income statement

SEK m	Q4			Q3		Q4		Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%		
Net interest income	4 902	3 721	32	2 680	83	14 231	11 115	28		
Net fee and commission income	1 253	1 242	1	1 124	12	4 814	4 183	15		
Net financial income	155	128	21	135	15	549	465	18		
Net other income	5	3	82	3	38	16	15	9		
Total operating income	6 315	5 094	24	3 943	60	19 610	15 778	24		
Staff costs	-762	-736	3	-705	8	-2 942	-2 944	0		
Other expenses	-1 232	-1 064	16	-1 006	23	-4 346	-3 733	16		
Depreciation, amortisation and impairment of tangible and intangible assets	-15	-16	-3	-207	-93	-67	-270	-75		
Total operating expenses	-2 009	-1 816	11	-1 918	5	-7 355	-6 947	6		
Profit before credit losses and imposed levies	4 306	3 278	31	2 025	113	12 255	8 830	39		
Net expected credit losses	-287	-212	35	-31		-785	-66			
Imposed levies: Risk tax and resolution fees	-216	-227	-5	-80	168	-862	-321	169		
Operating profit	3 803	2 839	34	1 913	99	10 608	8 444	26		
Cost/Income ratio	0.32	0.36		0.49		0.38	0.44			
Business equity, SEK bn	44.6	44.9		45.2		44.9	44.0			
Return on business equity, %	26.2	19.5		13.0		18.2	14.8			
FTEs, present ¹⁾	3 369	3 356		3 177		3 273	3 281			

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

- Rising interest rates benefitted the result
- Increased transfer of deposits from transaction to savings accounts
- Operating profit amounted to SEK 3,803m and return on business equity was 26.2 per cent

Comments on the fourth quarter

Customer satisfaction in advisory services, as measured by Net Promoter Score (NPS) remained at high levels and the high demand for financial advice from customers continued.

In the *corporate customer segment*, the net inflow of full-service customers continued. During the quarter, lending volume to corporates and card lending decreased somewhat while real estate lending volumes were stable. Overall, corporate lending decreased by SEK 3bn to SEK 293bn (296). Corporate deposits increased by SEK 1bn in the quarter.

Among *private customers*, the stalled housing market during the quarter led to a decline in household mortgage volumes. Mortgage volumes amounted to SEK 559bn (561). Despite increased market uncertainty, net savings were unchanged among private customers and fund volumes increased during the quarter due to the stock market recovery. The rising inflation is reflected in increased living expenses and thereby declining household deposit volumes and a lower number of card transactions compared to pre-pandemic levels. After the reintroduction of interest on

savings accounts last quarter, there is an increased transfer of deposits from transaction to savings accounts.

In total, lending volumes decreased by SEK 5bn to SEK 871bn. Deposit volumes decreased by SEK 9bn and amounted to SEK 472bn.

The operating profit amounted to SEK 3,803m. Net interest income increased by 32 per cent explained by increasing margins on deposits following higher interest rates while lending margins declined. Net fee and commission income remained stable compared to the third quarter in both the card business as well as securities commissions. Total operating expenses increased by 11 per cent compared to last quarter, mainly explained by seasonal fluctuations. Net expected credit losses amounted to SEK 287m, with a net expected credit loss level of 11 basis points in the fourth quarter. See note 13.

Private Wealth Management & Family Office

The division offers comprehensive banking infrastructure, access to capital markets, financing solutions and individually tailored advisory services to entrepreneurs, high net worth individuals, foundations and family offices.

Income statement

SEK m	Q4			Q3		Q4		Jan–Dec		
	2022	2022	%	2021	%	2022	2021	%		
Net interest income	657	498	32	192		1 660	881	88		
Net fee and commission income	323	356	-9	377	-14	1 474	1 401	5		
Net financial income	19	21	-11	27	-30	75	64	17		
Net other income	-2	2		4		2	9	-73		
Total operating income	997	877	14	600	66	3 211	2 354	36		
Staff costs	-196	-185	6	-188	4	-742	-668	11		
Other expenses	-214	-199	7	-199	8	-828	-714	16		
Depreciation, amortisation and impairment of tangible and intangible assets	-1	-1	68	-1	39	-3	-4	-31		
Total operating expenses	-411	-385	7	-388	6	-1 573	-1 386	13		
Profit before credit losses and imposed levies	587	492	19	212	177	1 638	968	69		
Net expected credit losses	-8	1		10		-16	-4			
Imposed levies: Risk tax and resolution fees	-17	-18	-6	-5		-69	-21			
Operating profit	562	475	18	217	159	1 553	944	65		
Cost/Income ratio	0.41	0.44		0.65		0.49	0.59			
Business equity, SEK bn	3.5	3.5		3.2		3.5	3.1			
Return on business equity, %	49.2	42.2		20.9		33.9	23.1			
FTEs, present ¹⁾	463	462		434		456	412			

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

- Recovery of asset values and increased stock market activity during the quarter
- Continued high demand for investment advisory services and products
- Operating profit amounted to SEK 562m and return on business equity was 49.2 per cent

Comments on the fourth quarter

The fourth quarter was characterised by a recovery of asset values and increased stock market activity. Customers' demand for investment advisory services and alternative investment opportunities remained at a high level. The number of customers increased in all geographical locations.

Assets under management increased by 8 per cent compared with the end of the third quarter. Net flow amounted to SEK 2.1bn. The overall stock market development during the quarter explains a market value related increase of SEK 66bn.

Customer demand for financing remained low and loan volumes decreased by SEK 1bn to SEK 72bn. Deposit volumes decreased by SEK 7bn to SEK 136bn.

The operating profit amounted to SEK 562m. Net interest income increased by 32 per cent driven mainly by higher interest rates. Net fee and commission income decreased by 9 per cent, mainly explained by the average asset under management development and lower brokerage fees and fund retrocessions. Total operating expenses amounted to SEK 411m, 7 per cent above the third quarter level. Net expected credit losses amounted to SEK 8m, with a net expected credit loss level of 3 basis points in the fourth quarter. See note 13.

Baltic

The division provides full banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.

Income statement

SEK m	Q4			Q3		Q4		Jan–Dec		
	2022	2022	%	2021	%	2022	2021	%		
Net interest income	1 610	1 047	54	776	108	4 319	3 043	42		
Net fee and commission income	485	467	4	462	5	1 854	1 695	9		
Net financial income	267	240	11	99	169	723	345	109		
Net other income	2	3	-27	1	59	13	12	8		
Total operating income	2 365	1 758	35	1 338	77	6 910	5 096	36		
Staff costs	-399	-331	20	-252	58	-1 332	-882	51		
Other expenses	-243	-197	23	-295	-18	-816	-1 105	-26		
Depreciation, amortisation and impairment of tangible and intangible assets	-133	-21		-6		-198	-30			
Total operating expenses	-774	-550	41	-553	40	-2 345	-2 017	16		
Profit before credit losses and imposed levies	1 590	1 208	32	786	102	4 565	3 079	48		
Net expected credit losses	15	-8		8	100	17	216	-92		
Imposed levies: Risk tax and resolution fees	-16	-16	3	-15	4	-62	-62	1		
Operating profit	1 590	1 184	34	778	104	4 520	3 233	40		
Cost/Income ratio	0.33	0.31		0.41		0.34	0.40			
Business equity, SEK bn	14.0	13.4		12.3		13.4	12.3			
Return on business equity, %	38.5	30.0		21.6		28.6	22.3			
FTEs, present ¹⁾	2 872	2 856		2 190		2 862	2 196			

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

- High inflation levels weakened household consumption
- Rising eurozone interest rates increased net interest income
- Operating profit amounted to SEK 1,590m and return on business equity was 38.5 per cent

Comments on the fourth quarter

The Baltic economies remained relatively stable despite increasing signs of weakening activity. Although inflation peaked during the third quarter, levels still exceeded 20 per cent in the region in the fourth quarter.

Demand for services remained robust while consumption of goods continued to drop. The negative macroeconomic outlook was clearly affecting export-oriented businesses and the manufacturing sector. The sharp rises in property prices over the previous two years have ceased and activity in residential property fell in the fourth quarter, resulting from the rapid rise in Euribor rates.

Reflecting the economic conditions, new mortgage lending volumes were at their lowest point in two years, although overall lending volumes to private customers still grew. Increases in the green lending portfolio were notable but corporate lending volumes slowed down to their lowest growth levels in 2022. Altogether, total lending volumes increased by 1 per cent in local currency during the quarter and amounted to SEK 183bn (176).

Deposit volumes from corporate customers, mainly in Lithuania, continued to increase, while total household savings

increased in Latvia and Lithuania. Total deposit volumes increased by 8 per cent in local currency and amounted to SEK 243 bn (221).

Operating profit amounted to SEK 1,590m. Net interest income increased by 51 per cent in local currency, mainly due to the positive impact of rising interest rates on deposit margins, and also a positive effect from excess liquidity. Lending margins fell. Net fee and commission income increased by 1 per cent in local currency, as subdued customer activity was offset by inflationary effects on card volumes. Net financial income increased by 8 per cent in local currency due in part to customers' increased activity in risk management.

Operating expenses increased by 38 per cent in local currency. There was a derecognition amounting to SEK 111m relating to an obsolete core IT platform project, and a one-time payment to a majority of employees to assist them in light of the extreme inflationary environment. Net expected credit losses were positive at SEK 15m as reversals and recoveries exceeded new provisions and direct write-offs. See note 13.

Life

The division offers life insurance solutions to private as well as corporate and institutional clients mainly in the Nordic and Baltic countries.

Income statement

SEK m	Q4			Q3		Q4		Jan–Dec		
	2022	2022	%	2021	%	2022	2021	%		
Net interest income	-17	-10	75	-7	151	-36	-27	34		
Net fee and commission income	651	631	3	762	-15	2 549	2 788	-9		
Net financial income	280	210	33	293	-5	810	1 044	-22		
Net other income	-1	4		15		6	48	-86		
Total operating income	913	835	9	1 064	-14	3 330	3 853	-14		
Staff costs	-187	-182	3	-174	8	-719	-690	4		
Other expenses	-199	-170	17	-176	13	-696	-667	4		
Depreciation, amortisation and impairment of tangible and intangible assets	-6	-5	10	-5	16	-21	-20	5		
Total operating expenses	-392	-357	10	-354	11	-1 436	-1 377	4		
Profit before credit losses and imposed levies	521	478	9	709	-26	1 893	2 476	-24		
Net expected credit losses	0	0		0		-1	0			
Imposed levies: Risk tax and resolution fees										
Operating profit	521	478	9	709	-27	1 892	2 476	-24		
Cost/Income ratio	0.43	0.43		0.33		0.43	0.36			
Business equity, SEK bn	5.2	5.2		5.2		5.2	5.3			
Return on business equity, %	37.1	34.2		50.3		33.7	43.7			
FTEs, present ¹⁾	868	864		844		856	853			

- Continued profit growth in the fourth quarter
- Stable sales volumes in challenging environment
- Operating profit amounted to SEK 521m and return on business equity was 37.1 per cent

Comments on the fourth quarter

Less volatility in financial markets and rising interest rates contributed to a more positive result in the fourth quarter. The savings product market, continued to be negatively affected by the current economic environment, however sales volumes remained stable throughout the year with a slight increase in the fourth quarter compared to the previous quarter.

Swedish sales of occupational pension were stable compared to the previous quarter and are yet not considerably affected by increasing inflation and the economic environment. Overall sales volumes were in line with previous quarter. Private endowment products continued to have an adverse development due to the rising interest rate and volatile market situation, whereas the corporate customer segment continued to deliver strong volumes. Risk insurance sales increased during the quarter.

Baltic sales were in line with the previous quarter on a total level, where risk insurance products continue to show a positive sales development. The savings product market in the Baltic countries is recovering.

SEB's market share remained within a top-three position in the Swedish life insurance market, amounting to 12.0 per cent¹⁾. The market share in the Baltic region remained strong.

Total assets under management amounted to SEK 433bn, an increase of 3 per cent. Unit-linked assets represented SEK 358bn (346), traditional and risk insurance assets amounted to SEK 31bn (30) and other savings products SEK 44bn (42).

Operating profit increased to SEK 521m. Net fee and commission income increased by 3 per cent, largely connected to income from the unit-linked business. Net financial income increased by 33 per cent. The more favorable development in the equity market coupled with the adaptation to higher interest rates had a positive effect on income in the traditional and other portfolios. Income from risk insurance products decreased somewhat. Operating expenses increased by 10 per cent mainly driven by higher seasonal expenses as well as currency effects.

The bonus rate in the Swedish traditional portfolios remained unchanged at 1 per cent.

¹⁾ Latest available market statistics from the Swedish insurance trade association, measured as new sales.

Investment Management

The division consists of SEB Investment Management, which manages SEB funds and mandates distributed via SEB's customer channels, and Institutional Asset Management, which distributes funds and mandates managed by SEB Investment Management and other institutes.

Income statement

SEK m	Q4			Q3			Q4			Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	
Net interest income	15	9	76	-6		18	-19					
Net fee and commission income	744	755	-1	1 067	-30	3 227	3 620	-11				
Net financial income	9	15	-36	19	-51	66	28	133				
Net other income	0	1	-48	1	-71	3	5	-32				
Total operating income	769	779	-1	1 082	-29	3 314	3 633	-9				
Staff costs	-159	-141	13	-141	12	-581	-544	7				
Other expenses	-220	-193	14	-177	24	-794	-729	9				
Depreciation, amortisation and impairment of tangible and intangible assets	-3	-3	0	-3	0	-11	-11	5				
Total operating expenses	-382	-336	13	-322	19	-1 386	-1 283	8				
Profit before credit losses and imposed levies	388	443	-13	760	-49	1 929	2 350	-18				
Net expected credit losses	0	0		0		0	0					
Imposed levies: Risk tax and resolution fees	0	0		0		-1	-1	-37				
Operating profit	387	443	-13	760	-49	1 928	2 349	-18				
Cost/Income ratio	0.50	0.43		0.30		0.42	0.35					
Business equity, SEK bn	2.4	2.5		2.4		2.5	2.4					
Return on business equity, %	49.7	55.8		98.2		61.2	76.1					
FTEs, present ¹⁾	268	269		250		259	252					

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

- More positive equity markets increased asset values
- SEB-labelled mutual funds classified as Article 8 or 9 represented 90 per cent of total assets under management
- Operating profit amounted to SEK 387m and return on business equity was 49.7 per cent

Comments on the fourth quarter

The downturn trend in the financial markets stabilised slightly but the markets are still uncertain and adjusting to the new economic landscape. The assets under management increased during the quarter by SEK 27bn to SEK 1,074bn (1,047). The market effect increased values by SEK 46bn, and net flow was SEK -18bn.

For SEB Investment Management, assets under management, the SEB-labelled mutual funds, increased by SEK 23bn to SEK 684bn (660). Clients showed particular interest in investing in alternative products which saw a positive net flow while there was a negative net flow within equity products. SEB-labelled mutual funds classified in line with Article 8 and 9¹⁾ in the Sustainable Finance Disclosure Regulation (SFDR) amounted to SEK 616bn (585²⁾) which represented 90 per cent of assets under management (89²⁾). Of the total, SEK 598bn was classified as Article 8 and SEK 18bn was classified as Article 9.

Within *Institutional Asset Management*, the clients slowly started to assess more risky assets to be ready to invest when the timing is right. The interest in sustainable alternative products, and especially products with less volatile expected return, continued to be strong during the quarter.

Operating income decreased and amounted to SEK 769m (779) due to lower base commissions offset by higher performance fees. Base commissions amounted to SEK 652m (702) with an underlying decrease of 5 per cent driven by lower average assets under management during the period compared to the previous quarter. Performance fees increased and amounted to SEK 89m (51). Operating expenses increased by 13 per cent partly driven by higher IT-costs in the quarter and amounted to SEK 382m (336). Operating profit amounted to SEK 387m (443).

¹⁾ Article 8 refers to funds that promote environmental or social characteristics while Article 9 funds must have a sustainable investment objective. See esma.europa.eu.

²⁾ Restated following adjustment of reclassification funds.

Financial statements – SEB Group

Income statement, condensed

SEK m	Note	Q4			Q3		Q4		Jan-Dec		
		2022	2022	%	2021	%	2022	2021	%		
Net interest income	2	9 715	8 925	9	6 717	45	33 443	26 097	28		
Net fee and commission income	3	5 416	5 261	3	5 885	-8	21 573	21 142	2		
Net financial income	4	3 502	2 324	51	1 517	131	9 314	8 235	13		
Net other income		196	41		8		258	164	58		
Total operating income		18 829	16 551	14	14 127	33	64 589	55 638	16		
Staff costs	5.6	-4 172	-4 028	4	-3 795	10	-15 980	-15 372	4		
Other expenses		-1 982	-1 755	13	-1 616	23	-6 986	-5 763	21		
Depreciation, amortisation and impairment of tangible and intangible assets		- 602	- 510	18	- 687	-12	-2 078	-2 110	-2		
Total operating expenses		-6 757	-6 293	7	-6 097	11	-25 044	-23 245	8		
Profit before credit losses and imposed levies		12 073	10 258	18	8 030	50	39 544	32 393	22		
Net expected credit losses	7	- 506	- 567	-11	- 299	70	-2 007	- 510			
Imposed levies: Risk tax and resolution fees	8	- 578	- 572	1	- 255	127	-2 288	-1 019	125		
Operating profit before items affecting comparability		10 988	9 118	21	7 476	47	35 249	30 864	14		
Items affecting comparability	9	-1 399					-1 399				
Operating profit		9 590	9 118	5	7 476	28	33 850	30 864	10		
Income tax expense		-2 156	-1 807	19	-1 278	69	-6 861	-5 441	26		
NET PROFIT		7 434	7 311	2	6 198	20	26 989	25 423	6		
Attributable to shareholders of Skandinaviska Enskilda Banken AB		7 434	7 311	2	6 198	20	26 989	25 423	6		
Basic earnings per share, SEK		3.50	3.43		2.87		12.63	11.75			
Diluted earnings per share, SEK		3.48	3.40		2.85		12.53	11.67			

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Statement of comprehensive income

SEK m	Q4			Q3		Q4		Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%		
NET PROFIT	7 434	7 311	2	6 198	20	26 989	25 423	6		
Cash flow hedges	- 2	28		4		81	29	182		
Translation of foreign operations	- 11	64		328		1 429	680	110		
Items that may subsequently be reclassified to the income statement:	- 13	92		332		1 510	708	113		
Own credit risk adjustment (OCA) ¹⁾	- 4	- 3	14	5		48	14			
Defined benefit plans	6	443	-868	4 889	-91	641	14 061	-95		
Items that will not be reclassified to the income statement:	439	- 871		4 895	-91	689	14 075	-95		
OTHER COMPREHENSIVE INCOME	426	- 779		5 227	-92	2 198	14 783	-85		
TOTAL COMPREHENSIVE INCOME	7 860	6 532	20	11 425	-31	29 187	40 206	-27		
Attributable to shareholders of Skandinaviska Enskilda Banken AB	7 860	6 532	20	11 425	-31	29 187	40 206	-27		

1) Own credit risk adjustment from financial liabilities at fair value through profit or loss.

Balance sheet, condensed

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Cash and cash balances at central banks	377 966	848 578	439 344
Loans to central banks	73 962	42 796	4 454
Loans to credit institutions ²⁾	77 235	95 378	60 009
Loans to the public	2 065 271	2 119 020	1 846 362
Debt securities	252 611	315 588	205 950
Equity instruments	66 594	76 245	120 742
Financial assets for which the customers bear the investment risk	356 367	344 128	422 497
Derivatives	187 622	322 349	126 051
Other assets	75 182	112 633	78 822
TOTAL ASSETS	3 532 810	4 276 714	3 304 230
Deposits from central banks and credit institutions	66 873	202 105	75 206
Deposits and borrowings from the public ¹⁾	1 701 687	2 126 881	1 597 449
Financial liabilities for which the customers bear the investment risk	357 975	345 949	424 226
Liabilities to policyholders	30 984	30 544	34 623
Debt securities issued	795 149	840 506	730 106
Short positions	44 635	67 279	34 569
Derivatives	238 048	327 922	118 173
Other financial liabilities	172	6 810	5 721
Other liabilities	92 763	130 605	90 929
Total liabilities	3 328 287	4 078 600	3 111 002
Equity	204 523	198 115	193 228
TOTAL LIABILITIES AND EQUITY	3 532 810	4 276 714	3 304 230
1) Deposits covered by deposit guarantees	402 711	399 900	387 382

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

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

Statement of changes in equity

SEK m	Other reserves ¹⁾						Equity
	Share capital	OCA ²⁾	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Retained earnings	
Jan-Dec 2022							
Opening balance	21 942	-223	-18	-561	19 798	152 290	193 228
Net profit						26 989	26 989
Other comprehensive income (net of tax)		48	81	1 429	641		2 198
Total comprehensive income		48	81	1 429	641	26 989	29 187
Dividend to shareholders						-12 884	-12 884
Bonus issue	154					-154	
Cancellation of shares	-154					-1 722	-1 876
Equity-based programmes						-167	-167
Change in holdings of own shares ⁴⁾						-2 965	-2 965
Closing balance	21 942	-175	62	868	20 439	161 387	204 523
Jan-Dec 2021							
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						-17 740	-17 740
Equity-based programmes ³⁾						-167	-167
Change in holdings of own shares ³⁾⁴⁾						-1 015	-1 015
Closing balance³⁾	21 942	-223	-18	-561	19 798	152 290	193 228

1) Amounts under Other reserves may be reclassified in the future to the income statement under certain circumstances, e.g. if they are related to dissolved Cash flow hedges or Translation of foreign operations when SEB ceases to consolidate a foreign operation. Amounts related to OCA and Defined benefit plans will not be reclassified to the income statement.

2) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk.

3) Restated following adjustment of changes in holdings of own shares.

4) Number of shares owned by SEB:

	Jan-Dec 2022	Jan-Dec 2021
Number of shares owned by SEB, million		
Opening balance	37.8	32.2
Repurchased shares for equity-based programmes	6.1	2.9
Sold/distributed shares	-6.4	-7.5
Repurchased shares for capital management purposes	43.3	10.2
Cancelled shares held for capital management purposes	-15.4	
Closing balance	65.3	37.8
Market value of shares owned by SEB, SEK m	7 831	4 754

Net acquisition cost for purchase of own shares for equity based programmes deducted from equity, period

-114 361

Net acquisition cost for purchase of own shares for equity-based programmes deducted from equity, accumulated

-2 572 -2 458

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

Cash flow statement, condensed

SEK m	Jan-Dec		
	2022	2021	%
Cash flow from the profit and loss statement ²⁾	61 947	825	
Increase (-)/decrease (+) in trading portfolios	10 887	35 465	- 69
Increase (+)/decrease (-) in issued short term securities	64 558	-17 662	
Increase (-)/decrease (+) in lending	- 306 020	-91 432	
Increase (+)/decrease (-) in deposits and borrowings	95 507	190 114	- 50
Increase/decrease in other balance sheet items ²⁾	2 954	14 343	- 79
Cash flow from operating activities ²⁾	- 70 166	131 652	
Cash flow from investing activities	- 805	- 846	- 5
Cash flow from financing activities ²⁾	-17 828	-23 588	- 24
Net increase in cash and cash equivalents	- 88 799	107 218	
Cash and cash equivalents at the beginning of year	445 716	331 247	35
Exchange rate differences on cash and cash equivalents	26 055	7 251	
Net increase in cash and cash equivalents	- 88 799	107 218	
Cash and cash equivalents at the end of period¹⁾	382 972	445 716	- 14

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

2) Restated following adjustment of repurchased shares and the restatement made 2021.

Notes to the financial statements - SEB Group

Note 1 Accounting policies and presentation

This Report is presented in accordance with IAS 34 *Interim Financial Reporting*. The group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting 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, the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied. The parent company has prepared its accounts in accordance with Swedish Annual Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's Regulations and General Guidelines (FFFS 2008:25) on Annual Reports in Credit Institutions and Securities Companies and the Supplementary Accounting Rules for Legal Entities (RFR 2) issued by the Swedish Financial Reporting Board.

As of 1 January 2022, SEB has made several changes to the presentation of the Income statement and as a result the comparative figures have been restated. See section on restated comparative figures for more information. In conjunction with the introduction of the Swedish risk tax, the group has changed the presentation of the Income statement by adding a new reporting line Imposed levies: risk tax and resolution fees. Resolution fees, previously presented in Net interest income, are presented in Imposed levies going forward. The reporting line Profit before credit losses has been changed to Profit before credit losses and imposed

levies. The purpose of the changes is to clarify the reporting and facilitate the comparison of operating profit between periods. SEB invests in interest-bearing securities both for customer purposes and for liquidity management purposes. These securities are classified as held for trading or mandatorily at fair value through profit or loss and changes in fair value of these securities are recognised in Net financial income, and the interest in Net interest income. Going forward, the amortisation of premium or discount from acquisition of these securities is presented in Net interest income instead of in Net financial income. In addition, the reporting line Gains less losses from tangible and intangible assets is removed. The changes in presentation have not had any impact on the profit or loss, or equity. SEB has, to reflect the current reporting and decision-making process, changed the presentation of reportable segments. For more information, see Business segments page 16.

As of 1 January 2022, the group applies the following amendments to IFRS standards: IFRS 3 *Business Combinations* – Reference to the Conceptual Framework. specification to IAS 37 *Provisions, Contingent Liabilities and Contingent assets* – Onerous Contracts and 2018-2020 annual improvements to IFRS. The implementation has had no impact on the group's financial position, earnings, cash flow or disclosures.

In all other material aspects, the group's and the parent company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2021 Annual and Sustainability Report.

See page 52 for information on effects from the implementation of IFRS 17 *Insurance Contracts*.

Note 2 Net interest income

SEK m	Q4			Q3		Q4			Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%
Interest income ¹⁾	22 711	14 921	52	7 895	188	56 150	31 383	79			
Interest expense	-12 996	-5 996	117	-1 178		-22 707	-5 286				
Net interest income	9 715	8 925	9	6 717	45	33 443	26 097	28			
1) Of which interest income calculated using the effective interest method	20 539	13 256	55	7 023	192	50 224	27 752	81			

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Note 3 Net fee and commission income

SEK m	Q4			Q3			Q4			Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	
Issue of securities and advisory services	292	334	-13	556	-48	1 458	1 954	-25				
Secondary market and derivatives	572	465	23	548	4	2 142	2 014	6				
Custody and mutual funds	2 335	2 495	-6	2 822	-17	10 117	10 004	1				
<i>Whereof performance fees</i>	84	61	37	301	-72	442	675	-35				
Payments, cards, lending, deposits, guarantees and other	3 334	3 119	7	2 922	14	12 480	10 485	19				
<i>Whereof payments and card fees</i>	1 807	1 769	2	1 492	21	6 771	5 384	26				
<i>Whereof lending</i>	923	825	12	984	-6	3 546	3 200	11				
Life insurance commissions	361	354	2	431	-16	1 440	1 672	-14				
Fee and commission income	6 893	6 766	2	7 279	-5	27 637	26 129	6				
Fee and commission expense	-1 477	-1 505	-2	-1 394	6	-6 064	-4 987	22				
Net fee and commission income	5 416	5 261	3	5 885	-8	21 573	21 142	2				
<i>Whereof Net securities commissions</i>	2 364	2 397	-1	3 148	-25	9 916	11 079	-11				
<i>Whereof Net payment and card fees</i>	1 238	1 182	5	985	26	4 565	3 512	30				
<i>Whereof Net life insurance commissions</i>	247	257	-4	327	-24	1 009	1 207	-16				
<i>Whereof Other commissions</i>	1 568	1 426	10	1 424	10	6 083	5 344	14				

Fee and commission income by segment

SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Q4 2022									
Issue of securities and advisory	283	2	7						292
Secondary market and derivatives	491	6	66	6	0	3	-1	0	572
Custody and mutual funds	384	248	207	50	51	1 820	0	-426	2 335
Payments, cards, lending, deposits, guarantees and other	1 417	1 337	65	615	102	16	89	-308	3 334
Life insurance commissions					774			-414	361
Fee and commission income	2 576	1 594	345	671	928	1 839	88	-1 148	6 893
Q3 2022									
Issue of securities and advisory	321	2	11			0	0		334
Secondary market and derivatives	398	0	58	7	0	3	-1	0	465
Custody and mutual funds	426	258	244	54	51	1 755	0	-294	2 495
Payments, cards, lending, deposits, guarantees and other	1 203	1 318	67	598	51	16	87	-219	3 119
Life insurance commissions					777			-423	354
Fee and commission income	2 347	1 578	380	659	879	1 774	86	-937	6 766
Jan-Dec 2022									
Issue of securities and advisory	1 412	9	37		0	0	0		1 458
Secondary market and derivatives	1 800	22	283	32	0	13	-9	0	2 142
Custody and mutual funds	1 634	1 032	987	207	204	7 825	0	-1 772	10 117
Payments, cards, lending, deposits, guarantees and other	5 338	5 050	268	2 336	255	67	321	-1 155	12 480
Life insurance commissions					3 155			-1 715	1 440
Fee and commission income	10 184	6 113	1 575	2 576	3 615	7 905	313	-4 642	27 637
Jan-Dec 2021									
Issue of securities and advisory	1 907	8	39	0	0	0	0		1 954
Secondary market and derivatives	1 640	135	238	43	0	-16	-9	-17	2 014
Custody and mutual funds	1 437	1 121	987	216	238	8 402	1	-2 400	10 004
Payments, cards, lending, deposits, guarantees and other	4 805	4 031	254	2 062	210	66	314	-1 257	10 485
Life insurance commissions					3 505			-1 833	1 672
Fee and commission income	9 789	5 295	1 518	2 321	3 954	8 452	306	-5 507	26 129

Fee and commission income is disaggregated in major types of service tied to primary geographical markets and operating segments. Revenues from Issue of securities and advisory, Secondary market and derivatives, Payments, cards, lending and deposits are mainly recognised at a point in time. Revenues from Custody and mutual funds and Life insurance commissions are mainly recognised over time.

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Note 4 Net financial income

SEK m	Q4		Q3		Q4		Jan-Dec	
	2022	2022	%	2021	%	2022	2021	%
Equity instruments and related derivatives	653	-145		-61		582	2 387	-76
Debt instruments and related derivatives	1 361	376		145		1 418	558	154
Currency and related derivatives	1 109	1 501	-26	881	26	5 099	3 488	46
Other	379	591	-36	552	-31	2 216	1 802	23
Net financial income	3 502	2 324	51	1 517	131	9 314	8 235	13
<i>Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives</i>	317	-33		-35		457	300	

Comparative figures for 2021 have been restated. See section on restated comparative figures for further information.

Note 5 Staff costs

SEK m	Jan-Dec		
	2022	2021	%
Salaries ¹⁾	-12 479	-11 378	10
Short-term incentive ¹⁾	-893	-919	-3
Long-term incentive ¹⁾	-849	-1 091	-22
Pension costs	-1 136	-1 489	-24
Redundancy costs ¹⁾	-45	-32	42
Other staff costs	-578	-463	25
Staff costs	-15 980	-15 372	4

1) Including social charges.

SEK m	Jan-Dec		
	2022	2021	%
Short-term incentive (STI) to staff	-730	-736	-1
Social benefit charges on STI	-163	-183	-11
Short-term incentive remuneration	-893	-919	-3

SEK m	Jan-Dec		
	2022	2021	%
Long-term incentive (LTI) to staff	-681	-687	-1
Social benefit charges on LTI	-167	-404	-59
Long-term incentive remuneration	-849	-1 091	-22

Note 6 Defined benefit pension plans

Balance sheet, SEK m	Jan-Dec		
	2022	2021	%
Defined benefit obligations	22 515	28 470	-21
Fair value of plan assets	46 639	51 830	-10
Net amount recognised in the balance sheet	24 124	23 359	3

Income statement, SEK m	Jan-Dec		
	2022	2021	%
Service costs	- 455	- 581	-22
Interest costs	- 441	- 286	55
Calculated interest on plan assets	815	343	137
Included in staff costs	- 81	- 523	-84

Other comprehensive income, SEK m	Jan-Dec		
	2022	2021	%
Remeasurements of pension obligations	5 663	3 745	51
Valuation gains (losses) on plan assets	-4 871	13 964	
Deferred tax pensions	- 151	-3 648	-96
Defined benefit pension plans	641	14 061	-95

Note 7 Net expected credit losses

SEK m	Q4		Q3		Q4		Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	
Impairment gains or losses - Stage 1	- 511	- 336	52	- 190	170	- 1 384	- 105		
Impairment gains or losses - Stage 2	- 84	39		- 24		74	- 233		
Impairment gains or losses - Stage 3	73	- 272		- 62		- 708	- 185		
Impairment gains or losses	- 522	- 568	-8	- 275	90	- 2 018	- 523		
Write-offs and recoveries									
Total write-offs	- 925	- 424	118	- 1 137	-19	- 3 086	- 2 624	18	
Reversals of allowance for write-offs	883	374	136	1 062	-17	2 873	2 395	20	
Write-offs not previously provided for	- 43	- 51	-16	- 75	-43	- 213	- 229	-7	
Recovered from previous write-offs	58	51	14	52	12	224	242	-8	
Net write-offs	15	0		- 23		11	13	-19	
Net expected credit losses	- 506	- 567	-11	- 299	70	- 2 007	- 510		
Net ECL level, %	0.08	0.08		0.05		0.07	0.02		

Exposure and expected credit loss (ECL) allowances by stage, Movements in allowances for expected credit losses (ECL), Loans and expected credit loss (ECL) allowances by industry are presented in notes 13-15.

Note 8 Imposed levies: risk tax and resolution fees

SEK m	Q4			Q3			Q4			Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	
Risk tax	- 300	- 296	2						-1 187			
Resolution fees	- 277	- 277	0	- 255	9	-1 101	-1 019	8				
Imposed levies: Risk tax and resolution fees	- 578	- 572	1	- 255	127	-2 288	-1 019	125				

Within Imposed levies, the new Swedish risk tax on banks is presented as well as resolution fees, which were previously presented in Net interest income. See section on restated comparative figures for further information.

Note 9 Items affecting comparability

SEK m	Q4			Q3			Q4			Jan-Dec		
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	
Net expected credit losses	-1 399								-1 399			
Operating profit before items affecting comparability	-1 399								-1 399			
Items affecting comparability	-1 399								-1 399			
Income tax on IAC												
Items affecting comparability after tax	-1 399								-1 399			

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 2022

Under the current conditions it is not viable for SEB to maintain operations in Russia, and SEB has therefore started scaling these down. This will be done in a responsible and orderly manner and in accordance with regulatory and legal obligations. The Russian Federation has limited different transactions between subsidiaries in Russia with parent companies in so called unfriendly countries, and limited the amount that may be transferred abroad to a maximum of an aggregated sum of RUB 10m per calendar month. During the fourth quarter, SEK 1.4bn of the group's total assets of approximately SEK 7bn related to Russia, has been impaired.

Note 10 Pledged assets and obligations

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Pledged assets for own liabilities ¹⁾	586 059	566 196	541 308
Pledged assets for liabilities to insurance policyholders	388 959	376 492	458 849
Other pledged assets ²⁾	62 565	83 869	66 226
Pledged assets	1 037 584	1 026 556	1 066 382
Contingent liabilities ³⁾	180 358	183 034	160 294
Commitments	882 065	812 247	813 936
Obligations	1 062 423	995 281	974 231

1) Of which collateralised for own issued covered bonds SEK 290,341m (330,896; 293,858).

2) Of which securities lending SEK 0m (56; 897) and pledged but unencumbered bonds SEK 19,180m (32,362; 33,424).

3) Of which financial guarantees SEK 11,209m (12,141; 10,281).

Note 11 Financial assets and liabilities

SEK m	31 Dec 2022		30 Sep 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans ¹⁾	2 591 848	2 549 773	3 103 135	3 067 609	2 348 011	2 346 280
Debt securities	252 611	252 497	315 588	315 416	205 950	205 919
Equity instruments	66 594	66 594	76 245	76 245	120 742	120 742
Financial assets for which the customers bear the investment risk	356 367	356 367	344 128	344 128	422 497	422 497
Derivatives	187 622	187 622	322 349	322 349	126 051	126 051
Other	15 249	15 249	47 809	47 809	16 282	16 282
Financial assets	3 470 292	3 428 103	4 209 254	4 173 556	3 239 534	3 237 772
Deposits	1 768 560	1 767 789	2 328 986	2 328 228	1 672 655	1 673 103
Financial liabilities for which the customers bear the investment risk	357 975	357 975	345 949	345 949	424 226	424 226
Debt securities issued ²⁾	823 916	816 840	870 314	863 154	758 655	765 856
Short positions	44 635	44 635	67 279	67 279	34 569	34 569
Derivatives	238 048	238 048	327 922	327 922	118 173	118 173
Other	25 870	25 872	67 499	67 501	20 961	20 962
Financial liabilities	3 259 005	3 251 160	4 007 949	4 000 033	3 029 240	3 036 890

1) Loans includes Cash balances at central banks (excluding Cash), Loans to central banks, Loans to credit institutions and Loans to the public.

2) Debt securities issued includes Debt securities issued and Subordinated liabilities (part of Other liabilities).

SEB has classified its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 37 in the Annual and Sustainability Report 2021.

Note 12 Assets and liabilities measured at fair value

SEK m	31 Dec 2022				31 Dec 2021			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Loans		110 833	1 429	112 262		85 032	70	85 102
Debt securities	119 030	123 620	1 095	243 745	95 783	101 575	49	197 407
Equity instruments	45 794	476	20 324	66 594	100 548	558	19 635	120 742
Financial assets for which the customers bear the investment risk	335 423	11 776	9 169	356 367	404 178	10 545	7 774	422 497
Derivatives	1 269	186 007	346	187 622	1 115	124 632	305	126 051
Investment in associates ¹⁾	46		504	550	80		622	702
Total	501 563	432 713	32 866	967 142	601 704	322 341	28 456	952 501
Liabilities								
Deposits		14 563		14 563		10 169		10 169
Financial liabilities for which the customers bear the investment risk	337 030	11 776	9 169	357 975	405 907	10 545	7 774	424 226
Debt securities issued		7 370		7 370		10 453		10 453
Short positions	34 401	10 235		44 635	14 887	19 683		34 569
Derivatives	991	236 666	390	238 048	872	116 973	329	118 173
Other financial liabilities at fair value	127	45		172	4	5 717		5 721
Total	372 549	280 655	9 559	662 763	421 670	173 539	8 103	603 312

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 Valuation Committee / GRMC (Group Risk Measurement Committee) and the ARC (Accounting and 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.

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in the Annual and Sustainability Report 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.

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.

The note continues on the next page.

Note 12, continued. Assets and liabilities measured at fair value

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 dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments, private equity holdings and investment properties.

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

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. During the first quarter transfers occurred from Level 1 and Level 2 to Level 3 of SEK 0.2bn within Debt instruments of Ukrainian government bonds. Additionally within Equity instruments, transfers occurred from Level 1 and Level 2 into Level 3 of SEK 0.9bn of Russian / Eastern Europe Funds. Following a review of Hedge Funds, within Equity instruments, a transfer out of Level 3 occurred of SEK 0.5bn. At the end of the third quarter approximately SEK 1.5bn in loans moved into Level 3 due to less observable inputs from market data. 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, SEK m	Opening balance	Reclassification	Gain/loss in Income statement ¹⁾	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance
	1 Jan 2022									31 Dec 2022
Assets										
Loans	70		-66		-94	2	1 474		43	1 429
Debt securities	49		-12	1 058	-167		167	-49	49	1 095
Equity instruments	19 635	30	1 895	3 734	-4 578			-643	251	20 324
Financial assets for which the customers bear the investment risk	7 774		17	1 643	-1 499		1 054	-497	677	9 169
Derivatives	305		288	29	-2	-275			1	346
Investment in associates	622	-30	-168	80						504
Total	28 456		1 954	6 544	-6 340	-273	2 695	-1 189	1 021	32 866
Liabilities										
Financial liabilities for which the customers bear the investment risk	7 774		12	1 636	-1 499		1 064	-495	677	9 169
Derivatives	329		15		29	16			1	390
Total	8 103		27	1 636	-1 470	16	1 064	-495	678	9 559

1) Fair value gains and losses recognised in the income statement are included in Net financial income and Net other income.

Sensitivity of Level 3 assets and liabilities to unobservable inputs

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives.

SEK m	31 Dec 2022				31 Dec 2021			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾⁴⁾	346	-382	-36	51	303	-325	-22	36
Debt instruments ³⁾	1 429		1 429	214	119		119	6
Equity instruments ²⁾⁵⁾⁶⁾	4 098		4 098	799	5 951		5 951	1 043
Insurance holdings - Financial instruments ³⁾⁴⁾⁶⁾⁷⁾	16 571		16 571	2 270	14 176		14 176	1 847

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.

Note 13 Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Stage 1 (12-month ECL)			
Debt securities	8 866	9 404	8 544
Loans ¹⁾	1 982 103	2 047 445	1 772 979
Financial guarantees and Loan commitments	863 137	806 855	830 403
Gross carrying amounts/Nominal amounts Stage 1	2 854 107	2 863 705	2 611 926
Debt securities	0	0	-1
Loans ¹⁾	-2 202	-1 776	-984
Financial guarantees and Loan commitments	-633	-535	-375
ECL allowances Stage 1	-2 835	-2 310	-1 358
Debt securities	8 866	9 404	8 543
Loans ¹⁾	1 979 902	2 045 670	1 771 996
Financial guarantees and Loan commitments	862 504	806 321	830 028
Carrying amounts/Net amounts Stage 1	2 851 272	2 861 395	2 610 568
Stage 2 (lifetime ECL)			
Loans ¹⁾²⁾	69 372	72 672	62 127
Financial guarantees and Loan commitments	15 136	15 098	15 873
Gross carrying amounts/Nominal amounts Stage 2	84 508	87 770	78 000
Loans ¹⁾²⁾	-1 503	-1 433	-1 456
Financial guarantees and Loan commitments	-162	-153	-198
ECL allowances Stage 2	-1 665	-1 586	-1 654
Loans ¹⁾²⁾	67 869	71 239	60 671
Financial guarantees and Loan commitments	14 974	14 945	15 675
Carrying amounts/Net amounts Stage 2	82 843	86 184	76 346
Stage 3 (credit impaired/lifetime ECL)			
Loans ¹⁾³⁾	6 846	8 735	9 827
Financial guarantees and Loan commitments ³⁾	422	370	170
Gross carrying amounts/Nominal amounts Stage 3	7 268	9 105	9 997
Loans ¹⁾³⁾	-3 911	-4 912	-5 707
Financial guarantees and Loan commitments ³⁾	-201	-194	-67
ECL allowances Stage 3	-4 112	-5 106	-5 774
Loans ¹⁾³⁾	2 934	3 823	4 119
Financial guarantees and Loan commitments ³⁾	221	176	103
Carrying amounts/Net amounts Stage 3	3 155	4 000	4 223

The note continues on the next page.

Note 13, continued. Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Total			
Debt securities	8 866	9 404	8 544
Loans ¹⁾²⁾³⁾	2 058 321	2 128 852	1 844 932
Financial guarantees and Loan commitments ³⁾	878 696	822 323	846 446
Gross carrying amounts/Nominal amounts	2 945 883	2 960 580	2 699 923
Debt securities	0	0	-1
Loans ¹⁾²⁾³⁾	-7 616	-8 120	-8 147
Financial guarantees and Loan commitments ³⁾	-997	-881	-640
ECL allowances	-8 613	-9 002	-8 786
Debt securities	8 866	9 404	8 543
Loans ¹⁾²⁾³⁾	2 050 705	2 120 733	1 836 787
Financial guarantees and Loan commitments ³⁾	877 699	821 442	845 806
Carrying amounts/Net amounts	2 937 270	2 951 579	2 691 136

1) Including trade and client receivables presented as other assets.

2) Whereof gross carrying amounts SEK 1,589m (1,653; 1,858) and ECL allowances SEK 3m (2; 1) under Lifetime ECLs - simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 1,769m (1,912; 1,818) and ECL allowances SEK 1,481m (1,502; 1,296) for Purchased or Originated Credit Impaired loans.

The table shows gross carrying amounts for exposures on balance and nominal amounts for exposures off-balance divided by stage as a mean to put ECL allowances in context to overall exposure levels. For trade receivables a simplified approach based on past-due information is used to calculate loss allowances.

Stage 3 loans / Total loans, gross, %	0.33	0.41	0.53
Stage 3 loans / Total loans, net, %	0.14	0.18	0.22
ECL coverage ratio Stage 1, %	0.10	0.08	0.05
ECL coverage ratio Stage 2, %	1.97	1.81	2.12
ECL coverage ratio Stage 3, %	56.58	56.07	57.76
ECL coverage ratio, %	0.29	0.30	0.33

Development of exposures and ECL allowances by stage

In the fourth quarter 2022, gross exposures in stage 1 and 2 were impacted by lower bank exposures while currency effects were mixed in the quarter with a strengthening of EUR and significant weakening of USD against SEK. Stage 2 and 3 exposures were impacted by limited negative credit migration and repayments. Gross loans in stage 3 decreased to SEK 6.8bn (8.7), corresponding to 0.33 per cent of total loans (0.41), mainly due to write-offs against reserves and repayments. Stage 1 and 2 ECL allowances increased mainly from the increased model overlay for the real estate portfolio and the further downward revisions to the macroeconomic scenarios, while Stage 3 ECL allowances were impacted by write-offs and the weaker USD.

Measurement of ECL allowances

SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of expert credit judgement depends on model outcome, materiality and information available. ECJ may be applied to incorporate factors not captured by the models, either on counterparty or portfolio level.

Model overlays on portfolio level using ECJ have been determined through top-down scenario analysis, including various scenarios of risk migration of complete portfolios. This has been combined with bottom-up individual customer analysis of larger corporate customers and analysis and stress tests of sectors specifically exposed to economic distress, including supply chain issues, higher energy prices and inflation risks. The model overlays are reevaluated quarterly in connection with the assessment of ECL allowances.

Note 13, continued. Exposure and expected credit loss (ECL) allowances by stage

In the fourth quarter, portfolio model overlays increased from SEK 1.9bn to SEK 2.2bn, as a model overlay of SEK 0.3bn was made for the real estate portfolio to reflect the challenges within the sector in Sweden as many companies are adjusting to the new interest rate and capital market environments. The model overlays made prior to the fourth quarter 2022 were made mainly to reflect the risks in general from higher energy prices, supply chain issues and inflation. SEK 0.9bn is in the Large Corporates & Financial Institutions division, SEK 0.8bn of the total model overlays are in the Corporate & Private Customers division, SEK 0.5bn in the Baltic division and SEK 0.1bn in the Private Wealth Management & Family Office 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. Three scenarios – base, positive and negative - and their probability weightings are reviewed every quarter, or more frequently when appropriate due to rapid or significant changes in the economic environment.

In the base scenario for the fourth quarter, the GDP forecasts for 2023 and 2024 were again lowered as households are under mounting pressure from interest rates, inflation and energy prices. Western Europe is entering a recession, with negative GDP growth for the full year 2023 in both the euro area and the United Kingdom. Due to the relatively stronger post-pandemic recovery and the interest rate sensitivity of households given the high proportion of floating rate mortgage loans that will squeeze consumption, GDP is expected to fall further in Sweden, by -1.5% in 2023. Due to the GDP decline, the labour market is expected to weaken. Like the EU in general, the Baltic economies are now also moving into recession, although full-year GDP growth figures for 2023 are expected to remain slightly positive. Links to the Russian economy have declined sharply in recent years. This means that the biggest threat comes from high inflation rates, which have peaked at a bit above 20 per cent. Central banks have continued to raise their key interest rates rapidly, while signalling the need for further monetary tightening. Our forecast for peak rates has been raised by 125 basis points for the Fed and Bank of England key rates, reaching 4.75 and 4 per cent respectively, and by 50 basis points for the European Central Bank and Riksbank to a maximum of 2.75 per cent (refers to the ECB deposit rate) and we expect key rate cuts to begin late 2023 by the Fed and in 2024 by other central banks. A further description of the scenarios is available in the Nordic Outlook update published in November 2022.

The table below sets out the key assumptions of the base scenario.

Base scenario assumptions	2023	2024	2025
Global GDP growth	2.3%	3.6%	4.0%
OECD GDP growth	0.5%	1.9%	2.3%
Sweden			
GDP growth	-1.5%	1.3%	2.3%
Household consumption expenditure growth	-2.3%	1.2%	2.5%
Interest rate (STIBOR)	2.85%	2.45%	2.15%
Residential real estate price growth	-5.0%	5.0%	3.0%
Baltic countries			
GDP growth	0.1% - 1.1%	3.0% - 3.5%	3.5%
Household consumption expenditure growth	0% - 1.0%	3.2% - 3.5%	3.0%
Inflation rate	8.5% - 9.9%	2.0% - 2.1%	3.0%
Nominal wage growth	7.5% - 8.5%	6.5% - 7.5%	6.0%
Unemployment rate	6.7% - 7.1%	6.0% - 6.8%	5.8% - 6.3%

The negative scenario assumes a deepening energy crisis in Europe. A widespread energy rationing in the winter could lead to a much deeper recession than the base scenario. Aggressive key rate hikes by central banks are now also starting to affect the risk picture. If central banks are underestimating economies' sensitivity to interest rates and the risks of financial stress symptoms, this could lead to a dramatic downturn. The upside potential is limited and a faster end to the Russia-Ukraine war or unexpectedly strong adaptability in Western Europe could be part of such a scenario. It is also possible that we are underestimating the strength of the downturn in inflation over a longer period.

The probability for the base scenario was increased from 55 to 60 per cent and the probability for the positive scenario was unchanged at 15 per cent, while the probability for the negative scenario was lowered from 30 to 25 per cent.

The update of the macroeconomic parameters and scenario weights led to an increase of total ECL allowances in the fourth quarter 2022. Should the positive and negative scenarios be assigned 100 per cent probability, the model calculated ECL allowances would decrease by 5 per cent and increase by 6 per cent respectively compared to the probability-weighted calculation.

SEB's measurement of ECL allowances and related assumptions according to IFRS 9 can be found on pages 120-121 and 152-153 in the Annual and Sustainability Report 2021.

Note 14 Movements in allowances for expected credit losses (ECL)

SEK m	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total
Loans and Debt securities				
ECL allowance as of 31 December 2021	984	1 456	5 707	8 147
New and derecognised financial assets, net	302	-270	-404	-372
Changes due to change in credit risk	848	229	986	2 063
Changes due to modifications	2	11	0	13
Decreases in ECL allowances due to write-offs			-2 873	-2 873
Change in exchange rates	67	77	495	638
ECL allowance as of 31 December 2022	2 202	1 503	3 911	7 616
Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2021	375	198	67	640
New and derecognised financial assets, net	0	-44	-63	-108
Changes due to change in credit risk	233	-1	189	421
Changes due to modifications		1		1
Change in exchange rates	25	9	9	43
ECL allowance as of 31 December 2022	633	162	201	997
Total Loans, Debt securities, Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2021	1 358	1 654	5 774	8 786
New and derecognised financial assets, net	302	-315	-467	-480
Changes due to change in credit risk	1 081	228	1 175	2 485
Changes due to modifications	2	12	0	14
Decreases in ECL allowances due to write-offs			-2 873	-2 873
Change in exchange rates	92	86	504	681
ECL allowance as of 31 December 2022	2 835	1 665	4 112	8 613

SEB's measurement of ECL allowances and related assumptions according to IFRS 9 can be found on pages 120-121 and 152-153 in the Annual and Sustainability Report 2021.

Note 15 Loans and expected credit loss (ECL) allowances by industry

SEK m	Gross carrying amounts				ECL allowances				Net carrying amount
	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
31 Dec 2022									
Banks	136 927	1 228	24	138 178	-8	-3	-5	-15	138 163
Finance and insurance	174 176	2 014	99	176 290	-310	-33	-8	-351	175 939
Wholesale and retail	82 032	2 401	188	84 622	-160	-86	-74	-320	84 301
Transportation	30 099	833	257	31 189	-50	-36	-37	-122	31 067
Shipping	52 884	3 877	1 191	57 951	-21	-23	-1 139	-1 182	56 769
Business and household services	177 323	9 609	1 326	188 258	-387	-350	-610	-1 348	186 910
Construction	13 720	721	389	14 830	-31	-20	-209	-259	14 571
Manufacturing	122 266	7 035	1 421	130 723	-182	-150	-992	-1 323	129 400
Agriculture, forestry and fishing	31 440	1 235	108	32 783	-28	-11	-30	-69	32 714
Mining, oil and gas extraction	6 020	1 367	12	7 398	-6	-125	-4	-135	7 263
Electricity, gas and water supply	80 639	1 067	32	81 739	-41	-49	-28	-118	81 621
Other	26 978	1 242	51	28 270	-45	-23	-14	-81	28 189
Corporates	797 578	31 400	5 074	834 052	-1 261	-906	-3 143	-5 309	828 743
Commercial real estate management	182 026	2 205	129	184 361	-360	-46	-36	-442	183 919
Residential real estate management	131 796	2 253	29	134 078	-116	-39	-3	-158	133 920
Real Estate Management	313 822	4 458	159	318 439	-476	-85	-39	-600	317 838
Housing co-operative associations	62 250	5 702	2	67 955	-2	0	0	-3	67 952
Public Administration	19 122	282	5	19 408	-2	-1	-2	-6	19 403
Household mortgages	611 346	22 647	671	634 663	-113	-195	-191	-500	634 163
Other	41 059	3 656	912	45 626	-340	-312	-531	-1 184	44 443
Households	652 404	26 303	1 582	680 289	-453	-508	-723	-1 683	678 606
TOTAL	1 982 103	69 372	6 846	2 058 321	-2 202	-1 503	-3 911	-7 616	2 050 705
31 Dec 2021									
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

The tables above show only the exposures and ECL allowances for Loans and excludes Debt securities, Financial guarantees and Loan commitments. Loans are including trade and client receivables presented as other assets.

SEB consolidated situation

Note 16 Capital adequacy analysis

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	162 956	159 890	154 821
Tier 1 capital	177 517	175 476	168 375
Total capital	193 025	190 304	181 737
Total risk exposure amount (TREA)	859 320	881 588	787 490
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	19.0%	18.1%	19.7%
Tier 1 ratio (%)	20.7%	19.9%	21.4%
Total capital ratio (%)	22.5%	21.6%	23.1%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	68 746	70 527	62 999
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	2.0%	2.0%	1.8%
of which: to be made up of CET1 capital (percentage points)	1.4%	1.4%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.6%	1.4%
Total SREP own funds requirements (% P1+P2R)	10.0%	10.0%	9.8%
Total SREP own funds requirements (amounts)	86 142	88 375	77 426
Additional CET1 buffer requirements and CET1 Pillar 2 Guidance (as a percentage of TREA)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Institution specific countercyclical capital buffer (%)	0.8%	0.6%	0.1%
Systemic risk buffer (%)	3.1%	3.0%	3.0%
Other Systemically Important Institution buffer (%)	1.0%	1.0%	1.0%
Combined buffer requirement (% CBR)	7.4%	7.1%	6.6%
Combined buffer requirement (amounts)	63 391	62 935	51 724
Overall capital requirements (% P1+P2R+CBR)	17.4%	17.2%	16.4%
Overall capital requirements (amounts)	149 533	151 309	129 150
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	12.4%	11.6%	13.2%
Pillar 2 Guidance (% P2G)	1.0%	1.0%	1.5%
Pillar 2 Guidance (amounts)	8 593	8 816	11 812
Overall capital requirements and P2G (%)	18.4%	18.2%	17.9%
Overall capital requirements and P2G (amounts)	158 127	160 125	140 962
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	177 517	175 476	168 375
Leverage ratio total exposure measure (amounts)	3 539 598	4 069 779	3 352 452
Leverage ratio (%)	5.0%	4.3%	5.0%
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (amounts)	106 188	122 093	100 574
Pillar 2 Guidance (% P2G)	0.5%	0.5%	0.5%
Pillar 2 Guidance (amounts)	15 928	18 314	15 086
Overall leverage ratio requirements and P2G (%)	3.5%	3.5%	3.5%
Overall leverage ratio requirements and P2G (amounts)	122 116	140 407	115 660

Note 17 Own funds

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	204 523	198 115	193 228
Accrued dividend	-14 266	-9 548	-12 938
Reversal of holdings of own CET1 instruments	4 248	2 951	1 397
Common Equity Tier 1 capital before regulatory adjustments	194 506	191 518	181 687
Additional value adjustments	-1 331	-1 519	-1 133
Goodwill	-4 308	-4 277	-4 261
Intangible assets	-1 236	-1 175	-1 327
Deferred tax assets that rely on future profitability	-17	-9	-7
Fair value reserves related to gains or losses on cash flow hedges	-62	-64	18
Insufficient coverage for non-performing exposures	-24		
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 060	-1 364	-194
Defined-benefit pension fund assets	-17 712	-17 446	-17 211
Direct and indirect holdings of own CET1 instruments	-5 799	-5 773	-2 752
Total regulatory adjustments to Common Equity Tier 1	-31 550	-31 628	-26 866
Common Equity Tier 1 capital	162 956	159 890	154 821
Additional Tier 1 instruments ²⁾	14 561	15 586	13 555
Tier 1 capital	177 517	175 476	168 375
Tier 2 instruments	15 002	14 670	13 826
Net provisioning amount for IRB-reported exposures	1 706	1 357	736
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	15 508	14 828	13 362
Total own funds	193 025	190 304	181 737

1) The Swedish Financial Supervisory Authority has approved SEB's application to use the quarterly net profit in measuring own funds on condition that the responsible auditors have reviewed the surplus and that the surplus is calculated in accordance with applicable accounting frameworks.

2) In the second quarter SEB issued an Additional Tier 1 instrument of USD 0.5bn, which is included in the bank's own funds as of Q2 2022.

Note 18 Risk exposure amount

SEK m	31 Dec 2022		30 Sep 2022		31 Dec 2021	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to central governments or central banks	18 304	1 464	20 990	1 679	18 374	1 470
Exposures to institutions	66 245	5 300	63 346	5 068	52 833	4 227
Exposures to corporates	407 153	32 572	405 687	32 455	371 928	29 754
Retail exposures	67 811	5 425	69 102	5 528	66 879	5 350
of which secured by immovable property	44 643	3 571	45 301	3 624	43 718	3 497
of which retail SME	6 044	484	6 636	531	5 621	450
of which other retail exposures	17 124	1 370	17 165	1 373	17 540	1 403
Securitisation positions	2 036	163	2 101	168	1 976	158
Total IRB approach	561 550	44 924	561 225	44 898	511 989	40 959
Credit risk standardised approach						
Exposures to central governments or central banks	6 640	531	13 032	1 043	949	76
Exposures to institutions	962	77	1 314	105	937	75
Exposures to corporates	6 933	555	5 604	448	6 635	531
Retail exposures	14 521	1 162	15 764	1 261	15 278	1 222
Exposures secured by mortgages on immovable property	2 486	199	2 414	193	2 016	161
Exposures in default	122	10	135	11	45	4
Exposures associated with particularly high risk	515	41	528	42	845	68
Exposures in the form of collective investment undertakings (CIU)	1 628	130	1 329	106	1 905	152
Equity exposures	5 540	443	6 322	506	6 770	542
Other items	9 851	788	10 924	874	9 964	797
Total standardised approach	49 197	3 936	57 367	4 589	45 344	3 628
Market risk						
Trading book exposures where internal models are applied	39 876	3 190	44 240	3 539	26 756	2 140
Trading book exposures applying standardised approaches	7 251	580	9 535	763	5 021	402
Foreign exchange rate risk			5 238	419		
Total market risk	47 128	3 770	59 014	4 721	31 778	2 542
Other own funds requirements						
Operational risk advanced measurement approach	50 452	4 036	50 403	4 032	49 897	3 992
Settlement risk	0	0	33	3	13	1
Credit value adjustment	12 309	985	13 396	1 072	9 493	759
Investment in insurance business	23 851	1 908	23 499	1 880	22 527	1 802
Other exposures	2 991	239	3 852	308	3 898	312
Additional risk exposure amount ²⁾	111 841	8 947	112 799	9 024	112 551	9 004
Total other own funds requirements	201 444	16 116	203 982	16 319	198 379	15 870
Total	859 320	68 746	881 588	70 527	787 490	62 999

1) Own funds requirement 8% 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.

Note 19 Average risk-weight

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

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

IRB reported credit exposures (less repos and securities lending)			
Average risk-weight	31 Dec 2022	30 Sep 2022	31 Dec 2021
Exposures to central governments or central banks	2.8%	1.9%	2.9%
Exposures to institutions	24.9%	22.1%	23.5%
Exposures to corporates	27.3%	27.3%	27.6%
Retail exposures	9.3%	9.4%	9.2%
of which secured by immovable property	6.8%	6.8%	6.7%
of which retail SME	51.0%	53.9%	50.3%
of which other retail exposures	28.0%	27.9%	28.5%
Securitisation positions	16.9%	16.8%	16.9%

Skandinaviska Enskilda Banken AB (publ) – parent company

Income statement

In accordance with FSA regulations	Q4			Q3		Q4		Jan–Dec		
SEK m	2022	2022	%	2021	%	2022	2021	%		
Interest income ¹⁾	20 392	13 040	56	6 524		48 883	25 895	89		
Leasing income	1 375	1 313	5	1 303	6	5 309	5 268	1		
Interest expense ²⁾	-13 438	-6 233	116	-1 158		-23 994	-5 159			
Dividends	496	773	-36	0		10 447	2 596			
Fee and commission income	4 139	4 068	2	4 286	-3	16 925	15 553	9		
Fee and commission expense	- 924	- 958	-4	- 904	2	-4 042	-3 210	26		
Net financial income ¹⁾	2 565	1 532	67	968	165	5 895	6 125	-4		
Other income	616	341	80	309	99	2 481	1 330	87		
Total operating income	15 222	13 876	10	11 329	34	61 904	48 397	28		
Administrative expenses	-4 599	-4 660	-1	-3 692	25	-18 380	-16 207	13		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 409	-1 411	0	-1 418	-1	-5 635	-5 644	0		
Total operating expenses	-6 008	-6 071	-1	-5 110	18	-24 015	-21 851	10		
Profit before credit losses	9 214	7 805	18	6 219	48	37 890	26 547	43		
Net expected credit losses	-640	-547	17	-345	85	-2 119	- 744	185		
Impairment of financial assets ³⁾		-1 167	-100	-1 486	-100	-6 631	-1 911			
Operating profit	8 574	6 091	41	4 388	95	29 139	23 892	22		
Appropriations	2 048	378		2 490	-18	3 300	3 839	-14		
Income tax expense	-1 662	-1 359	22	-1 678	-1	-4 929	-5 332	-8		
Other taxes	- 259	32		225		- 180	352			
NET PROFIT	8 701	5 143	69	5 425	60	27 329	22 751	20		

1) Comparative figures for 2021 have been restated for amortization of premium or discount for bonds in the trading book and liquidity portfolio, which was previously presented within Net financial income, is now presented in Interest income.

2) The new Swedish risk tax on banks is presented in Interest expense in the parent company.

3) The Russian Federation has limited different transactions between subsidiaries in Russia with parent companies in so called unfriendly countries. A maximum of RUB 10m per calendar month may be transferred abroad. Due to the prevailing uncertainty, the parent company recognised impairment loss of SEK 177m for SEB Bank in Russia in the first quarter and an additional impairment loss of SEK 652m in the third quarter. In addition, during the first quarter 2022, the parent company recognised and impairment loss of SEK 63m for the investment in SEB Corporate Bank in Ukraine. During the second quarter the parent company recognised an impairment loss of SEK 5,224m for the investment in the subsidiary DSK Hyp AG. In total, impairment losses of SEK 1,911m was recognised for the investment in DSK Hyp AG during 2021. In addition, during the third quarter the subsidiary Skandinaviska Enskilda Ltd, which is being liquidated, was written down by SEK 515m.

Statement of comprehensive income

SEK m	Q4		Q3		Q4		Jan–Dec		
	2022	2022	%	2021	%	2022	2021	%	
NET PROFIT	8 701	5 143	69	5 425	60	27 329	22 751	20	
Cash flow hedges	- 2	28		4		81	29	179	
Translation of foreign operations	47	- 102		150	-69	- 112	98		
Items that may subsequently be reclassified to the income statement:	45	- 74		154	-71	- 31	127		
OTHER COMPREHENSIVE INCOME	45	- 74		154	-71	- 31	127		
TOTAL COMPREHENSIVE INCOME	8 746	5 069	73	5 579	57	27 298	22 878	19	

Balance sheet, condensed

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Cash and cash balances with central banks	354 970	828 575	371 466
Loans to central banks	16 676	4 293	4 127
Loans to credit institutions	101 928	117 775	70 207
Loans to the public	1 839 188	1 898 558	1 641 332
Debt securities	227 323	291 757	178 441
Equity instruments	44 645	53 353	96 149
Derivatives	179 144	310 657	121 326
Other assets	108 812	144 469	104 787
TOTAL ASSETS	2 872 686	3 649 436	2 587 834
Deposits from central banks and credit institutions	106 019	248 540	85 276
Deposits and borrowings from the public ¹⁾	1 467 319	1 911 199	1 404 490
Debt securities issued	795 149	840 424	730 028
Short positions	44 635	67 279	34 569
Derivatives	229 933	314 838	113 497
Other financial liabilities	172	6 810	5 721
Other liabilities	66 645	103 341	59 340
Untaxed reserves	15 680	17 155	17 137
Equity	147 133	139 850	137 776
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	2 872 686	3 649 436	2 587 834
1) Private and SME deposits covered by deposit guarantee	257 639	262 473	255 302
Private and SME deposits not covered by deposit guarantee	161 495	165 993	160 691
All other deposits	1 048 185	1 482 732	988 497
Total deposits from the public	1 467 319	1 911 199	1 404 490

Pledged assets and obligations

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Pledged assets for own liabilities	585 547	565 157	539 115
Other pledged assets	62 565	83 812	65 329
Pledged assets	648 113	648 969	604 443
Contingent liabilities	173 316	177 316	159 445
Commitments	815 987	750 685	754 551
Obligations	989 303	928 001	913 996

Statement of changes in equity

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Share capital	21 942	21 942	21 942
Other restricted reserves	13 820	13 804	13 825
Equity, restricted	35 762	35 746	35 767
Holdings of own shares	-6 820	-5 386	-3 855
Other reserves	-384	-429	-353
Other non-restricted equity	91 246	91 290	83 467
Net profit for the year	27 329	18 629	22 751
Equity, non-restricted¹⁾	111 371	104 104	102 009
TOTAL	147 133	139 850	137 776

1) The closing balance is equivalent to Distributable items according to Regulation (EU) No 575/2013 (CRR).

Capital adequacy

Capital adequacy analysis

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	136 851	133 809	131 207
Tier 1 capital	151 413	149 395	144 761
Total capital	166 708	164 028	157 935
Total risk exposure amount (TREA)	778 243	797 033	712 916
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	17.6%	16.8%	18.4%
Tier 1 ratio (%)	19.5%	18.7%	20.3%
Total capital ratio (%)	21.4%	20.6%	22.2%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	62 259	63 763	57 033
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	1.7%	1.7%	1.8%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.3%	1.3%	1.4%
Total SREP own funds requirements (% P1+P2R)	9.7%	9.7%	9.8%
Total SREP own funds requirements (amounts)	75 777	77 606	69 901
Additional CET1 buffer requirements and CET1 Pillar 2 Guidance (as a percentage of TREA)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Institution specific countercyclical capital buffer (%)	0.8%	0.7%	0.1%
Systemic risk buffer (%)			
Other Systemically Important Institution buffer (%)			
Combined buffer requirement (% CBR)	3.3%	3.2%	2.6%
Combined buffer requirement (amounts)	25 727	25 367	18 339
Overall capital requirements (% P1+P2R+CBR)	13.0%	12.9%	12.4%
Overall capital requirements (amounts)	101 504	102 973	88 204
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	11.7%	10.8%	12.3%
Pillar 2 Guidance (% P2G)			
Pillar 2 Guidance (amounts)			
Overall capital requirements and P2G (%)	13.0%	12.9%	12.4%
Overall capital requirements and P2G (amounts)	101 504	102 973	88 204
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	151 413	149 395	144 761
Leverage ratio total exposure measure (amounts)	3 263 128	3 795 760	3 065 713
Leverage ratio (%)	4.6%	3.9%	4.7%
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (amounts)	97 894	113 873	91 971
Pillar 2 Guidance (% P2G)			
Pillar 2 Guidance (amounts)			
Overall leverage ratio requirements and P2G (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements and P2G (amounts)	97 894	113 873	91 971

Own funds

SEK m	31 Dec 2022	30 Sep 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	159 583	153 427	151 353
Accrued dividend	-14 266	-9 548	-12 938
Reversal of holdings of own CET 1 instruments	4 249	2 951	1 397
Common Equity Tier 1 capital before regulatory adjustments	149 566	146 830	139 812
Additional value adjustments	-1 289	-1 471	-1 113
Goodwill	-3 358	-3 358	-3 358
Intangible assets	-1 132	-1 005	-1 196
Fair value reserves related to gains or losses on cash flow hedges	-62	-64	18
Insufficient coverage for non-performing exposures	-23		
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 050	-1 349	-205
Direct and indirect holdings of own CET 1 instruments	-5 799	-5 773	-2 752
Total regulatory adjustments to Common Equity Tier 1	-12 715	-13 021	-8 606
Common Equity Tier 1 capital	136 851	133 809	131 207
Additional Tier 1 instruments ²⁾	14 561	15 586	13 555
Tier 1 capital	151 413	149 395	144 761
Tier 2 instruments	15 002	14 670	13 826
Net provisioning amount for IRB-reported exposures	1 494	1 162	548
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	15 295	14 632	13 174
Total own funds	166 708	164 028	157 935

1) Shareholders equity for the parent company includes untaxed reserves net of tax.

2) In the second quarter SEB issued an Additional Tier 1 instrument of USD 0.5bn, which is included in the bank's own funds as of Q2 2022.

Risk exposure amount

SEK m	31 Dec 2022		30 Sep 2022		31 Dec 2021	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to central governments or central banks	9 987	799	14 799	1 184	10 362	829
Exposures to institutions	65 707	5 257	62 832	5 027	52 349	4 188
Exposures to corporates	334 983	26 799	337 498	27 000	308 939	24 715
Retail exposures	44 316	3 545	44 926	3 594	44 205	3 536
of which secured by immovable property	35 015	2 801	35 185	2 815	34 274	2 742
of which retail SME	2 046	164	2 269	182	2 187	175
of which other retail exposures	7 256	580	7 472	598	7 744	619
Securitisation positions	2 036	163	2 101	168	1 976	158
Total IRB approach	457 029	36 562	462 156	36 972	417 831	33 426
Credit risk standardised approach						
Exposures to central governments or central banks						
Exposures to institutions	14 168	1 133	15 304	1 224	11 628	930
Exposures to corporates	5 048	404	2 837	227	3 319	266
Retail exposures	8 285	663	9 168	733	9 001	720
Exposures secured by mortgages on immovable property	2 484	199	2 412	193	2 012	161
Exposures in default	98	8	111	9	24	2
Exposures associated with particularly high risk	515	41	528	42	845	68
Exposures in the form of collective investment undertakings (CIU)	1 628	130	1 329	106	1 540	123
Equity exposures	51 432	4 115	51 014	4 081	43 688	3 495
Other items	3 022	242	3 833	307	2 863	229
Total standardised approach	86 680	6 934	86 535	6 923	74 920	5 994
Market risk						
Trading book exposures where internal models are applied	39 876	3 190	44 240	3 539	26 756	2 140
Trading book exposures applying standardised approaches	7 226	578	9 528	762	4 975	398
Foreign exchange rate risk			5 212	417	4 153	332
Total market risk	47 103	3 768	58 981	4 718	35 883	2 871
Other own funds requirements						
Operational risk advanced measurement approach	38 923	3 114	39 027	3 122	39 185	3 135
Settlement risk	0	0	33	3	13	1
Credit value adjustment	12 304	984	13 366	1 069	9 485	759
Investment in insurance business	23 851	1 908	23 499	1 880	22 527	1 802
Other exposures	519	42	644	52	528	42
Additional risk exposure amount ²⁾	111 833	8 947	112 792	9 023	112 544	9 004
Total other own funds requirements	187 432	14 995	189 361	15 149	184 282	14 743
Total	778 243	62 259	797 033	63 763	712 916	57 033

1) Own funds requirement 8% 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

IRB reported credit exposures (less repos and securities lending)	31 Dec 2022	30 Sep 2022	31 Dec 2021
Average risk-weight			
Exposures to central governments or central banks	1.9%	1.4%	1.9%
Exposures to institutions	24.9%	22.1%	23.5%
Exposures to corporates	24.5%	24.7%	25.0%
Retail exposures	7.4%	7.4%	7.3%
of which secured by immovable property	6.1%	6.1%	5.9%
of which retail SME	33.5%	35.8%	33.8%
of which other retail exposures	40.8%	40.2%	38.5%
Securitisation positions	16.9%	16.8%	16.9%

Restated comparative figures

On 28 March 2022, SEB published restated comparative figures for the years 2020-2021 to reflect organisational changes, including the formation of SEB's new division Private

Wealth Management & Family Office, as well as presentation changes. The restatement does not affect SEB's net profit or equity for these years.

SEB Group reconciliation to previously published figures

SEK m	Previously reported	Change in presentation			Restated
	Jan–Dec 2021	Resolution fees	NII adjust- ment	Other	Jan–Dec 2021
Net interest income	26 321	1 019	-1 243		26 097
Net fee and commission income	21 142				21 142
Net financial income	6 992		1 243		8 235
Net other income	159			5	164
Total operating income	54 614	1 019	0	5	55 638
Staff costs	-15 372				-15 372
Other expenses	-5 763				-5 763
Depreciation, amortisation and impairment of tangible and intangible assets	-2 110				-2 110
Total operating expenses	-23 245				-23 245
Profit before credit losses and imposed levies	31 368	1 019	0	5	32 393
Gains less losses from tangible and intangible assets	5			-5	
Net expected credit losses	-510				-510
Imposed levies: Risk tax and resolution fees		-1 019			-1 019
Operating profit	30 864	0	0	0	30 864
Income tax expense	-5 441				-5 441
NET PROFIT	25 423	0	0	0	25 423
Attributable to shareholders of Skandinaviska Enskilda Banken AB	25 423				25 423

SEB Group reconciliation to previously published figures

SEK m	Previously reported	Change in presentation			Restated
	Q4 2021	Resolution fees	NII adjust- ment	Other	Q4 2021
Net interest income	6 716	255	-254		6 717
Net fee and commission income	5 885				5 885
Net financial income	1 263		254		1 517
Net other income	6			2	8
Total operating income	13 870	255	0	2	14 127
Staff costs	-3 795				-3 795
Other expenses	-1 616				-1 616
Depreciation, amortisation and impairment of tangible and intangible assets	- 687				- 687
Total operating expenses	-6 097				-6 097
Profit before credit losses and imposed levies	7 773	255	0	2	8 030
Gains less losses from tangible and intangible assets	2			-2	
Net expected credit losses	-299				-299
Imposed levies: Risk tax and resolution fees		-255			-255
Operating profit	7 476	0	0	0	7 476
Income tax expense	-1 278				-1 278
NET PROFIT	6 198	0	0	0	6 198
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 198				6 198

Refer to [sebgroupp.com](https://sebgroupp.com/investor-relations/reports-and-presentations/restatements) for the full restatement disclosure (<https://sebgroupp.com/investor-relations/reports-and-presentations/restatements>). See also Note 1 Accounting policies and presentation.

Effects from the implementation of IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* replaces IFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. As the standard requires comparative information for the annual reporting period immediately preceding the date of initial application, the transition date of IFRS 17 is 1 January 2022. IFRS 17 applies to all types of insurance contracts as well as to certain financial instruments with discretionary participation features. The adoption of IFRS 17 will not have a significant impact on the classification of the group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the group. On adoption, IFRS 17 will impact the measurement and presentation of insurance contracts and participating investment contracts. Investment contracts with no significant insurance component or discretionary participating features, equity release and investment management business are out of scope and therefore not impacted by the new standard.

The standard approach of IFRS 17 is the general measurement model (GMM) which is supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach (VFA)) and by a simplified approach (the premium allocation approach (PAA)) for short-duration contracts. The VFA is applied for more than 90 per cent of the insurance liability as per year-end 2021. Under IFRS 17, the liabilities comprise the estimated future cash flows discounted at rates that reflect the time value of money and the financial risks, risk adjustment for non-financial risk and the contractual service margin (CSM). The CSM represents the profits not yet earned for each group of contracts and is calculated at contract inception and is released to the profit and loss for each period based on the quantity of benefits provided under a contract and its expected coverage period. The CSM cannot be negative, meaning that losses will have to be recognised immediately in the profit and loss.

On transition to IFRS 17, the Full Retrospective Approach (FRA) should be used unless it is impracticable. This approach assumes that IFRS 17 had always been applied and require a full history to the date of transition for data and assumptions. The group will apply the FRA for contracts using the PAA, but does not otherwise have enough detailed information to apply the FRA except for contract issued from 2016 and onwards in the Baltic entity. If the FRA is impracticable, the group can

choose to either use the Modified Retrospective Approach (MRA) or the Fair Value Approach (FVA). The MRA allows for simplifications to the FRA but still require information on the actual historic cash flows from initial recognition. The modified retrospective approach has been applied for the unit-linked contracts issued in Lithuania between 2010 and 2015 in the Baltic entity. For the remaining contracts, SEB will apply the FVA and this method is used for approximately 92 per cent of the insurance contracts (based on liabilities as per year-end 2021).

Applying the FVA, the group will determine the contractual service margin to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 *Fair Value Measurement*, and its Fulfilment Cash Flows (FCF) at the transition date. The approach that the group has chosen to obtain the fair value of liabilities according to IFRS 13 is to start from the technical provisions according to Solvency II regulation, and using a cost-of-capital rate that is set to a somewhat higher level compared to Solvency II to better reflect the adjustment for profit margin that a buyer would require.

The group will restate comparative information for 2022 in the reports for 2023. The effects of adopting IFRS 17 in the consolidated financial statements as at 1 January 2022 will be presented in the statement of changes in equity. The effect is recognised as a reduction of retained earnings of SEK 0.3bn. The changes will not have a material effect on capital adequacy and large exposures.

The presentation of results of insurance contracts will, as in the current income statement presentation, be split and recognised on the relevant lines. Insurance service result, including Insurance revenue, Insurance service expense and Net expenses from reinsurance contracts held, will be presented in the notes.

There is no significant impact on the balance sheet, although the new standard also introduces new estimates and judgements that affect the measurement of insurance liabilities. Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The new standard will not be applied in the parent company.

Signature of the President

The President declares that this financial report for the period 1 January 2022 through 31 December 2022 provides a fair overview of the parent company's and the group's operations, their financial position and results and describes material risks and uncertainties facing the parent company and the group.

Stockholm, 26 January 2023

Johan Torgeby
President and Chief Executive Officer

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's review report

To the Board of Directors in Skandinaviska Enskilda Banken AB (publ), 502032-9081

Introduction

We have reviewed the condensed interim report for Skandinaviska Enskilda Banken AB (publ) as at December 31, 2022 and for the twelve-month period ending as at this date. The Board of Directors, the President and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies regarding the Group, and in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies regarding the Parent Company.

Stockholm, 26 January 2023

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Contacts and calendar

SEB's result for the fourth quarter 2022

Telephone conference

At 26 January 2023, 08.30 CET, Johan Torgeby, SEB's President & CEO, and Masih Yazdi, CFO, will present the results for the fourth quarter 2022. The presentation will be followed by a Q&A session with Johan Torgeby, Masih Yazdi and Pawel Wyszynski, Head of Investor Relations. The presentation and Q&A will be conducted in English.

To participate in the telephone conference, please call in at least 10 minutes in advance on +44 1 212818004 or +46 8 50510030.

The event can be followed live on sebgroup.com/ir, where it will also be available afterwards.

Media

There is a possibility for media to book interviews after the telephone conference. Please contact press@seb.se to make a request.

Further information is available from:

Masih Yazdi, Chief Financial Officer

Tel: +46 771 621 000

Pawel Wyszynski, Head of Investor Relations

Tel: +46 70 462 21 11

Niklas Magnusson, Head of Media Relations & External Communication

Tel: +46 70 763 82 43

Skandinaviska Enskilda Banken AB (publ.)

SE-106 40 Stockholm, Sweden

Tel: +46 771 621 000

sebgroup.com

Corporate organisation number: 502032-9081

Further financial information is available in SEB's Fact Book and in the additional Pillar 3 disclosures which are published quarterly on sebgroup.com/ir.

Financial information calendar 2023

1 March 2023	Annual and Sustainability report 2022	
4 April 2023	Annual general meeting	
26 April 2023	Quarterly report January-March 2023	The silent period starts on 1 April 2023
18 July 2023	Quarterly report January-June 2023	The silent period starts on 1 July 2023
25 October 2023	Quarterly report January-September 2023	The silent period starts on 1 October 2023

The financial information calendar for 2024 will be published in conjunction with the Quarterly Report for January-September 2023.

Definitions

Including Alternative Performance Measures¹⁾

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.

Net profit

Total profit after tax.

Return on equity

Net profit attributable to shareholders in relation to average²⁾ 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 average²⁾ shareholders' equity.

Return on business equity

Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average²⁾ business equity (allocated capital).

Return on total assets

Net profit attributable to shareholders, in relation to average²⁾ total assets.

Return on risk exposure amount

Net profit attributable to shareholders in relation to average²⁾ 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 average³⁾ number of shares outstanding before dilution.

Diluted earnings per share

Net profit attributable to shareholders in relation to the weighted average³⁾ diluted number of shares. The calculated dilution is based on the estimated economic value of the long-term equity-based programmes.

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.

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, continued

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) and according to the EU Directive no 879/2019 (BRRD II):

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.

Minimum requirement of eligible liabilities (MREL)

Minimum requirement for own funds and eligible liabilities, as set by the Swedish National Debt Office.

This is SEB

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.

Our customers

2,000 large corporations, 1,100 financial institutions, 292,000 SME and 1.5 million private full-service customers bank with SEB.

Our values

We are guided by our Code of Conduct and the SEB behaviours: create value, act long-term and build positive relationships.

Our employees

Around 16,500 highly skilled employees serving our customers from locations in more than 20 countries – covering different time zones, securing reach and local market knowledge.

Our history

We have a long tradition of supporting people and companies and helping drive development. Ever since we welcomed our first customer 165 years ago, 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.

Focus areas

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 within 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.

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