

Quarterly Report

First quarter 2021



STOCKHOLM 28 APRIL 2021

SEB

”The concern observed last year in the global economy has been replaced by an increased optimism”

Statement from Johan Torgeby

Firmer footing but not yet out of the woods

Throughout the quarter, the effects of the Covid-19 pandemic continued to impact people’s health and the global economy. Uncertainty remained, as the race between new waves of the virus and vaccine rollouts continued. Asset prices increased further, boosted by a combination of ongoing crisis relief measures, amounting to a total of 29 per cent of global GDP and a corresponding number of 34 per cent in Sweden according to calculations done by SEB, and continuously low central bank interest rates. This was for example reflected in the development of equity markets, with the broad-based US stock market index S&P 500 once again reaching record highs.

As societies continued to adapt to the pandemic restrictions, overall global economic activity picked up further. This was partly reflected in the recovery of the manufacturing industry, despite increasing signs of supply disruptions and rising production costs. In Sweden, the larger dependence on the manufacturing industry, combined with a high level of digital adaptation, has contributed to the maintained resilience of the economy. Furthermore, Sweden’s public finances continued to demonstrate capacity to support the recovery, with a public debt as share of GDP of 38 per cent, compared to 97 per cent for the Euro area, according to the International Monetary Fund.

Following these signs of optimism, economic forecasts have generally been revised upwards recently. This, in combination with the continued unprecedented fiscal stimulus, has led to increasing long-term interest rates as well as inflationary pressure during the quarter. However, interest rate levels remain at historically low levels.

I have previously commented on the perceived disconnect between financial markets and the real economy, and as the latter continues to recover the development is becoming more synchronised. However, while the global economy is gaining firmer footing, we are not yet out of the woods. The recovery is still largely dependent on factors such as the effectiveness of policy responses and the ongoing global vaccine rollout. In this process, the disproportionate distribution of the vaccine is likely to have an impact on global economic recovery. Thus, collaboration both within and across countries continues to be key in reaching an end to the pandemic.



Solid financial results

In the quarter, SEB’s financial result improved markedly compared to the same period last year, primarily driven by an increase in total operating income of 32 per cent. The overall concern observed last year in the global economy has been replaced by an increased optimism, affecting several parts of SEB’s business. On the back of rising long-term interest rates and increased customer activity, net financial income increased to SEK 2,179m, driven by a pickup in the Fixed Income, Currencies and Commodities business. This was also an area where SEB was ranked number one in the category of Fixed Income Sweden in a Prospera customer survey. The appreciation of equity markets, and onboarding of new mandates, increased assets under custody to SEK 12,877bn (+43 per cent year-on-year). Similarly, assets under management increased to SEK 2,243bn (+28 per cent year-on-year). While we are starting to see some encouraging signs in terms of net flows, there is still room for improvement. Moreover, the pandemic continued to weigh negatively on SEB’s corporate card operations, while the private card business continued to recover. Operating expenses developed as expected and SEB’s strong asset quality was reflected in the level of net expected credit losses of 3 basis points reported in the first quarter. Based on the improved macroeconomic outlook stated in Nordic Outlook, net expected credit losses are expected to normalise already in 2021.

The return on equity reached 13.8 per cent. The capital buffer above the regulatory requirement amounted to 780 basis points, a level that is well above the targeted level of 100-300 basis points above the applicable regulatory requirement.

The Swedish FSA has recommended Swedish banks to be restrictive with dividends and share repurchases until 30 September 2021. SEB is currently awaiting the Swedish FSA’s view on what will apply thereafter and will subsequently decide how the current overcapitalisation will be addressed.

Supporting the sustainability transition

As a bank, we have a key role in facilitating the transition towards a low-carbon society, and we continuously strengthen our abilities to support our customers in this area. During the quarter, SEB was ranked as number one by corporates and institutions in Sweden, Finland, Denmark as well as in total in the Nordic region in a Prospera customer survey evaluating banks' advisory services related to sustainability. While we are pleased to see that our customers appreciate our support, we recognise that there is still more to be done. Thus, during the quarter we strengthened our sector policy on fossil fuels to include a wider scope and sharpened guidelines. The updated policy includes, among other things, a roadmap for how to phase out our exposure to thermal coal mining and coal fired power generation by 2025 and 2030 respectively – with specific regulatory-based exemptions applied for certain German customers, as outlined in the policy. By applying a cap on oil exploration, production and oilfield services activities, SEB will continue to reduce its credit exposure to fossil fuels within the oil and gas sector in an orderly manner. This cap will be lowered annually. Moreover, SEB's fund company, SEB Investment Management, also strengthened its sustainability policy. This implies the implementation of uniform exclusion criteria for all funds managed by the fund company, exclusion of fossil fuels from all funds, as well as improved tools and processes for integrated sustainability analysis.

As one of the 43 founding partners of the Net-Zero Banking Alliance Initiative, assembled by the United Nations Environment Programme Finance Initiative (UNEP FI), we joined forces with other committed signatories in order to reach the targets set out in the Paris Agreement. The initiative aims to accelerate the transition of the global economy to net zero greenhouse gas emissions by committing to align operational and attributable emissions from lending and investment portfolios with pathways to net-zero by 2050 at the latest. Similarly, during the quarter, SEB Investment Management became a signatory of the Net Zero Asset Managers Initiative, committing to support investing aligned with net zero greenhouse gas emissions by 2050 at the latest.

Growing with our home market customers

Over the years, our corporate customers have continued to grow their international presence, and so have we as we follow them around the world. Based on our successful expansion into other Nordic countries, Germany and the United Kingdom, we have seen a growing number of new customers, and hence an increased financial contribution from these home markets over time. In order to further leverage one of our core strengths of serving our customers locally, a continued expansion of our corporate banking business to the Netherlands, as well as a strengthening of our advisory services and corporate banking efforts in both Austria and Switzerland, were initiated during the quarter.

Transforming the bank bit by bit

We continue to execute on our digital transformation agenda. Speed and simplicity remain key in terms of the digital customer experience, requiring continued focus on connectivity, automation and analytics. During the quarter we entered into a strategic, long-term partnership with Google Cloud, to accelerate the bank's digitisation journey. Through collaboration, and by leveraging the innovative cloud technologies, this will enable us to create new financial services and user experiences for our customers based on data,

analytics and artificial intelligence. SEB's innovation studio and next-generation banking platform, SEBx, is already benefiting from Google Cloud's infrastructure and data cloud technologies, promoting cost efficiency, flexibility and network scalability. Furthermore, as part of our ambition to offer our corporate customers a digital ecosystem, providing seamless access to SEB's banking services in the customer's preferred digital channel, we continue to integrate our customers' business systems with SEB. So far, more than 17,500 integrations have been made with existing customers – an increase by almost 70 per cent since the first quarter in 2020.

In the quarter, the monthly average number of fund transactions in the mobile app for private customers increased by more than 70 per cent compared to the corresponding average in the previous quarter. This reflects the continuously growing demand for digital savings and investment products. Thus, in order to meet this increasing demand, we continue to develop our digital functionality. One such example is equity trading in the mobile app, for which we are currently conducting a pilot project, with a planned launch to customers in the second quarter. Moreover, SEB Bot Advisor was launched to 700,000 customers, providing personalised pension advisory in a digital format. In terms of digital lending functionality, the ability to apply for household mortgages as well as consumer finance was made available in the private mobile app.

Sharpening our Private Banking offering further

SEB has longstanding relationships with our customers, ranging from entrepreneurs to professional family offices. To further strengthen this focus and continue to grow SEB's savings and investments business we have decided to establish a new division, Private Wealth Management & Family Office, which will be operational as of 1 June 2021. This division will gather SEB's Private Banking expertise and leverage our full range of products and services, in particular within Investment Banking. Thereby, we aim to take a leading position through first-class advisory, digital solutions and new partnerships. By sharpening our offering to this customer segment, we want to enable our customers to put their' savings and investments to work by, for example, investing in new job-creating activities or initiatives that contribute to a more sustainable society.

Upholding our critical role in society

Our role as a bank is to support people and businesses by giving advice, extending credits and enabling savings and investments. We provide the economic infrastructure needed to keep the wheels in society turning – and we drive progress, innovation and development through our long-term customer relationships.

After more than a year of Covid-19 affecting people, businesses and our societies, I am proud to see that our knowledgeable employees around the world keep upholding this critical societal function of ours. They are the core of this bank and everything that we do, and the reason that we can continue to constantly enhance our business offering for the benefit of our customers. Thanks to them, SEB continued to deliver a solid financial result also during this quarter. This, in turn, enables us to keep creating long-term value also for our shareholders and for society at large.



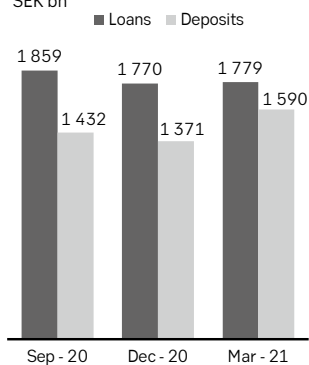
President and CEO

First quarter 2021

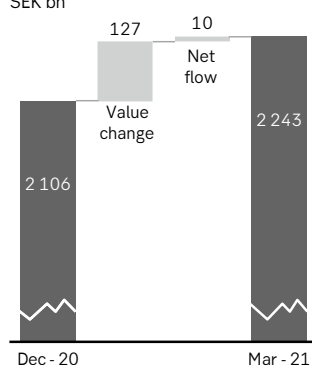
- Return on equity increased to 13.8 per cent and the management capital buffer amounted to 780 basis points
- With an improving macroeconomic outlook, net expected credit losses are expected to normalise already in 2021
- The Large Corporates & Financial Institutions division continued to strengthen its position and reported a return on business equity of 14.9 per cent
- SEB creates a new division for Private Banking, Private Wealth Management & Family Office

SEK m	Q1			Q4			Jan–Mar			Full year 2020
	2021	2020	%	2021	2020	%	2021	2020	%	
Total operating income	13 347	13 066	2		13 347	10 089	32		49 717	
Total operating expenses	-5 718	-5 842	-2		-5 718	-5 646	1		-22 747	
Net expected credit losses	-156	-835	-81		-156	-1 494	-90		-6 118	
Operating profit before items affecting comparability	7 475	6 382	17		7 475	2 950	153		20 846	
Items affecting comparability									-1 000	
Operating profit	7 475	6 382	17		7 475	2 950	153		19 846	
NET PROFIT	6 018	5 123	17		6 018	2 355	156		15 746	
Return on equity, %	13.8	12.2			13.8	6.0			9.7	
Return on equity excluding items affecting comparability, %	13.8	12.1			13.8	6.0			10.3	
Basic earnings per share, SEK	2.78	2.37			2.78	1.09			7.28	

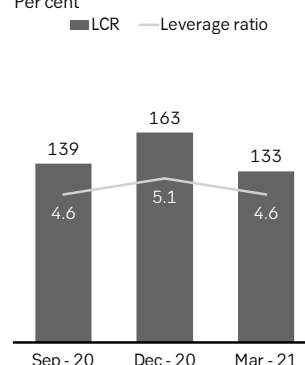
Loans to and deposits from the public
SEK bn



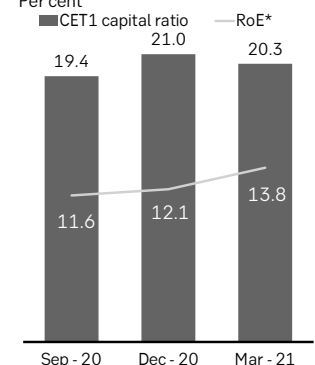
Assets under management
SEK bn



Liquidity coverage & leverage ratios
Per cent



CET 1 capital ratio & return on equity
Per cent



* Excluding items affecting comparability

Table of contents

SEB Group	
Income statement on a quarterly basis	6
Key figures	7
First quarter	8
Business volumes	9
Risk and capital	10
Business development	12
Other information	13
Business segments	
Income statement by segment	15
Large Corporates & Financial Institutions	16
Corporate & Private Customers	17
Baltic	18
Life	19
Investment Management & group functions	20
Financial statements – SEB Group	21
Income statement, condensed	21
Statement of comprehensive income	21
Balance sheet, condensed	22
Statement of changes in equity	23
Cash flow statement, condensed	24
Notes to the financial statements - SEB Group	25
Note 1 Accounting policies	25
Note 2 Net interest income	25
Note 3 Net fee and commission income	26
Note 4 Net financial income	28
Note 5 Net expected credit losses	28
Note 6 Items affecting comparability	29
Note 7 Pledged assets and obligations	29
Note 8 Financial assets and liabilities	30
Note 9 Assets and liabilities measured at fair value	31
Note 10 Exposure and expected credit loss (ECL) allowances by stage	33
Note 11 Movements in allowances for expected credit losses (ECL)	36
Note 12 Loans and expected credit loss (ECL) allowances by industry	37
SEB consolidated situation	
Note 13 Capital adequacy analysis	38
Note 14 Own funds	39
Note 15 Risk exposure amount	40
Note 16 Average risk-weight	40
Skandinaviska Enskilda Banken AB (publ) – parent company	41
Income statement	41
Statement of comprehensive income	41
Balance sheet, condensed	42
Pledged assets and obligations	42
Capital adequacy	43
Signature of the President	44
Auditor's review report	44
Contacts and calendar	10
Definitions	46

Income statement on a quarterly basis

	Q1	Q4	Q3	Q2	Q1
SEK m	2021	2020	2020	2020	2020
Net interest income	6 396	6 559	6 336	6 047	6 201
Net fee and commission income	4 776	4 774	4 301	4 364	4 624
Net financial income	2 179	1 784	1 754	3 541	- 804
Net other income	- 4	- 51	172	47	68
Total operating income	13 347	13 066	12 563	13 999	10 089
Staff costs	-3 897	-3 909	-3 654	-3 794	-3 619
Other expenses	-1 345	-1 473	-1 432	-1 362	-1 598
Depreciation, amortisation and impairment of tangible and intangible assets	- 476	- 460	- 461	- 557	- 429
Total operating expenses	-5 718	-5 842	-5 547	-5 712	-5 646
Profit before credit losses	7 630	7 224	7 016	8 287	4 443
Gains less losses from tangible and intangible assets	1	- 6	- 2	1	0
Net expected credit losses	- 156	- 835	-1 098	-2 691	-1 494
Operating profit before items affecting comparability	7 475	6 382	5 916	5 598	2 950
Items affecting comparability				-1 000	
Operating profit	7 475	6 382	5 916	4 598	2 950
Income tax expense	-1 457	-1 259	-1 150	-1 096	- 595
NET PROFIT	6 018	5 123	4 766	3 501	2 355
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 018	5 123	4 766	3 501	2 355
Basic earnings per share, SEK	2.78	2.37	2.21	1.62	1.09
Diluted earnings per share, SEK	2.76	2.35	2.19	1.61	1.08

Key figures

	Q1	Q4	Jan–Mar		Full year
	2021	2020	2021	2020	2020
Return on equity, %	13.8	12.2	13.8	6.0	9.7
Return on equity excluding items affecting comparability ¹⁾ , %	13.8	12.1	13.8	6.0	10.3
Return on total assets, %	0.7	0.7	0.7	0.3	0.5
Return on risk exposure amount, %	3.2	2.8	3.2	1.2	2.1
Cost/income ratio	0.43	0.45	0.43	0.56	0.46
Basic earnings per share, SEK	2.78	2.37	2.78	1.09	7.28
Weighted average number of shares ²⁾ , millions	2 162	2 161	2 162	2 164	2 163
Diluted earnings per share, SEK	2.76	2.35	2.76	1.08	7.23
Weighted average number of diluted shares ³⁾ , millions	2 177	2 175	2 177	2 177	2 177
Net worth per share, SEK	87.65	85.99	87.65	78.09	85.99
Equity per share, SEK	80.81	79.53	80.81	72.58	79.53
Average shareholders' equity, SEK, billion	174.7	168.2	174.7	156.8	162.2
Net ECL level, %	0.03	0.14	0.03	0.25	0.26
Stage 3 Loans / Total Loans, gross, %	0.77	0.87	0.77	0.71	0.87
Stage 3 Loans / Total Loans, net, %	0.38	0.44	0.38	0.38	0.44
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	133	163	133	176	163
Net Stable Funding Ratio (NSFR) ⁵⁾ , %	111		111		
<u>Own funds requirement, Basel III</u>					
Risk exposure amount, SEK m	761 144	725 560	761 144	781 687	725 560
Expressed as own funds requirement, SEK m	60 892	58 045	60 892	62 535	58 045
Common Equity Tier 1 capital ratio, %	20.3	21.0	20.3	16.8	21.0
Tier 1 capital ratio, %	22.1	22.7	22.1	18.7	22.7
Total capital ratio, %	23.1	25.1	23.1	21.2	25.1
Leverage ratio, %	4.6	5.1	4.6	4.3	5.1
Number of full time equivalents ⁶⁾	15 515	15 448	15 515	15 261	15 335
Assets under custody, SEK bn	12 877	12 022	12 877	8 992	12 022
Assets under management, SEK bn	2 243	2 106	2 243	1 758	2 106

1) Administrative fine in Q2 2020.

2) The number of issued shares was 2,194,171,802. SEB owned 32,211,451 Class A shares for the equity based programmes at year-end 2020. During 2021 SEB has purchased 1,472,462 shares and 3,132,447 shares have been sold. Thus, at 31 March 2021 SEB owned 30,551,466 Class A-shares with a market value of SEK 3,252m.

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

4) In accordance with the EU delegated act.

5) In accordance with CRR2.

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

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

First quarter

Operating profit increased by 17 per cent to SEK 7,475m (6,382). Year-on-year, operating profit increased by 153 per cent. Net profit amounted to SEK 6,018m (5,123).

Operating income

Total operating income increased by SEK 281m, or 2 per cent, compared with the fourth quarter and amounted to SEK 13,347m (13,066). Compared with the first quarter 2020, total operating income increased by 32 per cent.

Net interest income amounted to SEK 6,396m, which represented a decrease of 2 per cent compared with the fourth quarter (6,559) and an increase of 3 per cent year-on-year. Compared with the previous quarter resolution and deposit guarantee fees increased, fewer number of days accruing interest affected negatively, while lower funding costs had a positive effect on net interest income.

	Q1	Q4	Q1
SEK m	2021	2020	2020
Customer-driven NII	6 711	6 973	6 860
NII from other activities	-315	-414	-659
Total	6 396	6 559	6 201

Customer-driven net interest income decreased by SEK 262m compared with the fourth quarter. There were two days less accruing interest in the first quarter, which had a negative effect. An adjustment of the internal funds transfer pricing lowered customer-driven deposit margins and increased net interest income from other activities.

The negative effect on net interest income from other activities (including for instance funding and other Treasury activities, trading and regulatory fees) improved by SEK 99m to SEK -315m compared with the fourth quarter 2020. Lower funding costs affected the results positively, as maturing funding has not been fully replaced given the strong inflow of deposits. The Markets operations' contribution to net interest income remained at the same elevated level as in the fourth quarter.

The total resolution and deposit guarantee fees recognised in the first quarter increased to SEK 355m (274).

Net fee and commission income amounted to SEK 4,776m (4,774). Year-on-year, net fee and commission income increased by 3 per cent.

Corporate customers remained active but, in line with seasonal patterns, gross fee income from issuance of securities and advisory services decreased by SEK 34m to SEK 322m. With less traditional lending, the gross lending fees decreased by SEK 90m to SEK 686m.

Net payments and card fees declined by SEK 84m to SEK 762m. The dampening effect on payment and card activity related to Covid-19 was evident both in comparison to the prior quarter and year-on-year. On a positive note, the private card operations continued to improve from the low level seen during the pandemic last year.

On the back of the positive development of the equity markets during the quarter, the gross fee income from custody and mutual funds, excluding performance fees, increased by

SEK 82m to SEK 2,120m compared with the fourth quarter. Performance fees amounted to SEK 219m and increased by SEK 121m compared with the fourth quarter mainly driven by one large non-recurring item. Year-on-year performance fees increased by SEK 168m.

The net life insurance commissions related to the unit-linked insurance business amounted to SEK 292m (282).

Net financial income increased by SEK 395m to SEK 2,179m compared with the fourth quarter. Year-on-year, net financial income improved by SEK 2,983m. The first quarter of 2020 was characterised by significant negative market valuation effects, a consequence of the financial markets' reaction to the Covid-19 pandemic emergence.

Net financial income in Markets operations was significantly higher quarter-on-quarter driven by higher customer activity levels and an improved market position within the fixed income business, confirmed by external rankings. Market valuations affected Treasury's result positively.

The change in market value of certain strategic holdings increased net financial income by SEK 238m quarter-on-quarter. The fair value credit adjustment¹⁾ amounted to SEK 212m as credit spreads continued to tighten but decreased by SEK 90m compared with the fourth quarter.

Net financial income within the Life division decreased slightly in the quarter primarily related to the traditional portfolios in Sweden.

Net other income amounted to SEK -4m (-51). Unrealised negative valuations and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses amounted to SEK 5,718m (5,842). In total, operating expenses were stable with a decrease of 2 per cent from the seasonally higher fourth quarter and a 1 per cent increase year-on-year.

Staff costs were unchanged compared with the fourth quarter while other expenses decreased by 9 per cent. Supervisory fees amounted to SEK 40m (39).

The cost target in the business plan for 2019–2021 is described on page 13. Costs related to the strategic initiatives developed according to plan and the three-year cost target remains unchanged.

Comparative numbers (in parenthesis throughout the report)

Unless otherwise stated:

-the result for the reporting quarter is compared with the prior quarter
-business volumes are compared with the balances in 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 156m (835), corresponding to a net expected credit loss level of 3 basis points (14). The asset quality of the credit portfolio continued to be robust and the offshore portfolio developed in line with expectations, while the macroeconomic outlook was slightly more positive. The underlying losses were low in all divisions. The portfolio overlays made in 2020 for potential negative Covid-19 effects in the Corporate & Private Customers and Baltic divisions and for the oil portfolio in the Large Corporates & Financial Institutions division were maintained.

See further comments on Credit risk and asset quality and Uncertainties on page 10 and 13 and notes 10-12.

Items affecting comparability

There were no *items affecting comparability* in the first quarter.

Income tax expense

In line with the increase in the operating profit, the *income tax expense* rose to SEK 1,457m (1,259) with an effective tax rate of 19.5 per cent (19.7).

Return on equity

Return on equity for the first quarter improved to 13.8 per cent (12.2).

Other comprehensive income

Other comprehensive income amounted to SEK 5,797m (981). The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees and the net value of the defined benefit plans affected other comprehensive income by SEK 5,310m (1,741). The defined benefit pension obligation decreased when the discount rate changed from 0.90 to 1.45 per cent in the quarter.

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 477m (-748).

Business volumes

Total assets at 31 March 2021 amounted to SEK 3,443bn, representing an increase of SEK 402bn since year-end 2020 (3,040).

Loans

	31 Mar	31 Dec
SEK bn	2021	2020
General governments	17	16
Financial corporations	83	79
Non-financial corporations	862	848
Households	665	656
Collateral margin	44	59
Reverse repos	108	112
Loans to the public	1 779	1 770

Loans to the public increased by SEK 9bn in the first quarter while loans to non-financial corporations increased by SEK 14bn. Household lending grew by SEK 9bn in the first quarter driven by household mortgages in both Sweden and the Baltic countries.

Loans as well as credit commitments and derivatives are included and managed in the credit portfolio. Information about the credit portfolio is available in the section Risk and capital.

Deposits and borrowings

	31 Mar	31 Dec
SEK bn	2021	2020
General governments	49	17
Financial corporations	413	285
Non-financial corporations	628	605
Households	390	383
Collateral margin	83	71
Repos	24	7
Registered bonds	3	3
Deposits and borrowings from the public	1 590	1 371

In the first quarter, deposits and borrowings from the public increased by SEK 219bn to SEK 1,590bn (1,371). Deposits from non-financial corporations and households increased by SEK 30bn in the first quarter.

Debt securities

Debt securities increased by SEK 142bn to SEK 408bn in the first quarter. The securities are short-term in nature and have a high credit worthiness. The increase mirrors the higher number of customers active in this market and also the increase in SEB's deposit base which was significant in 2021 and 2020 as customers were more cautious and chose low-risk alternatives for their excess cash.

Assets under management and custody

Total *assets under management* amounted to SEK 2,243bn (2,106). Driven by the equity market appreciation during the first quarter, the market value increased by SEK 127bn. Inflows and outflows of assets under management during the quarter netted to SEK 10bn.

Assets under custody increased as a consequence of the onboarding of new mandates together with increasing asset values driven by the equity market appreciation during the first quarter and amounted to SEK 12,877bn (12,022).

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 2020 (see page 74-79 and notes 40 and 41), in the Capital Adequacy and Risk Management Report for 2020 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 Mar	31 Dec
	2021	2020
Banks	101	85
Corporates	1 326	1 308
Commercial real estate management	191	196
Residential real estate management	144	143
Housing co-operative associations Sweden	69	66
Public administration	67	82
Household mortgage	652	629
Household other	83	83
Total credit portfolio	2 633	2 591

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 42bn in the first quarter to SEK 2,633bn (2,591). The corporate credit portfolio increased by SEK 18bn, mainly due to the weaker Swedish krona while the underlying development was muted. The household credit portfolio increased by SEK 23bn driven by a strong housing market in Sweden and growth in the Baltic countries. The commercial and residential real estate management portfolios were largely flat at SEK 335bn combined.

Asset quality indicators such as past due loans remained unchanged during the quarter. There was continued limited impact from the Covid-19 pandemic on the larger portfolios such as large corporates, households, and small and medium-sized companies in Sweden and the Baltic countries, which to some extent may be due to various government support measures.

Credit-impaired loans (gross loans in stage 3) decreased during the first quarter by SEK 1.2bn to SEK 13.6bn, which corresponds to 0.77 per cent of total loans (0.87). The decrease was driven mainly by write-offs, risk migration and repayments which more than offset currency effects. See net expected credit loss comment on page 9.

Notes 10 and 12 provide a more detailed breakdown of SEB's loan portfolio by industry and stage allocation as well as corresponding ECL allowances. Pages 27-29 in the Fact book provide a breakdown of SEB's credit portfolio and lending portfolio by industry and country.

Market risk

SEB's business model is mainly driven by customer demand. Value-at-Risk (VaR) in the regulatory trading book increased and averaged SEK 272m in the first quarter (216). The VaR increase is mainly explained by increased risk within the Fixed Income area within Markets. 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.

Liquidity and funding

SEB has maintained a strong and diversified liquidity and funding position in the quarter. The loan-to-deposit ratio was 107 per cent per 31 March 2021 versus 122 per cent at year-end.

As a consequence of the past twelve months' deposit inflows, SEB's long-term funding need in the first quarter was limited. SEK 39bn of long-term funding matured (of which SEK 16bn covered bonds and SEK 23bn senior debt) whereas new issuance amounted to SEK 8bn of which all constituted covered bonds. Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 102bn during the first quarter.

Liquid assets defined according to the liquidity coverage ratio (LCR) requirements amounted to SEK 893bn at 31 March 2021 (617) and the LCR ratio was 133 per cent (163). Since March 2020, the Swedish FSA allows banks to temporarily fall below the LCR requirement for individual and total currencies.

The net stable funding ratio (NSFR) requirement, where stable funding is required to be at least 100 per cent of illiquid assets, will enter into force per 30 June 2021. Per 31 March 2021, SEB's NSFR was 111 per cent. As the NSFR measures stable funding in relation to illiquid assets, SEB will discontinue disclosing the Core Gap ratio (a similar internal measure).

Rating

Fitch rates SEB's long-term senior unsecured debt at AA-. The rating is based on SEB's low risk appetite, stable and well-executed strategy, robust asset quality and capitalisation as well as strong market position. In September 2020, Fitch affirmed SEB's rating and assigned a negative outlook to the long-term rating, reflecting the downside risks, particularly to asset quality and profitability, of a deeper or more prolonged economic downturn than what was expected.

Moody's rates SEB's long-term senior unsecured debt at Aa2 with a stable outlook based on the bank's strong asset quality and robust capital ratios. While the bank has good underlying earnings generation, the corporate business focus could add earnings cyclicality, particularly in the current economic downturn. In November 2020, Moody's affirmed the stable outlook of the Swedish banking system due to the relative resilience of the country's banks and robust capital positions and, in March 2021, SEB's rating was affirmed.

S&P rates SEB's long-term senior unsecured debt at A+ with a 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. In September 2020, S&P affirmed SEB's rating.

Risk exposure amount

SEK bn	
Balance 31 Dec 2020	726
Underlying credit risk change	16
- where of asset size	8
- where of asset quality	-4
- where of foreign exchange movements	12
Underlying market risk change	20
- where of CVA risk	2
Underlying operational risk change	0
Model updates, methodology & policy, other	0
- where of credit risk	0
Balance 31 Mar 2021	761

The total risk exposure amount (REA) increased by SEK 35bn to SEK 761bn in the first quarter. Foreign exchange movements increased credit risk REA by SEK 12bn, while credit volumes increased REA by SEK 8bn. An improvement in asset quality somewhat lessened the credit risk REA increase. Market risk REA increased by SEK 20bn during the quarter, mainly driven by increased fixed income holdings. Operational risk REA was largely unchanged and there were no model and methodology updates during the quarter.

Capital position

The following table shows the risk exposure amount (REA) and capital ratios according to applicable capital regulation:

	31 Mar	31 Dec
Own funds requirement, Basel III	2021	2020
Risk exposure amount, SEK bn	761	726
Common Equity Tier 1 capital ratio, %	20.3	21.0
Tier 1 capital ratio, %	22.1	22.7
Total capital ratio, %	23.1	25.1
Leverage ratio, %	4.6	5.1

SEB's Common Equity Tier 1 (CET1) capital ratio was 20.3 per cent (21.0). The main reason for the decrease was an increase in REA by SEK 35bn.

SEB's applicable CET1 capital requirement per the end of the first quarter 2021 was 12.5 per cent (12.6), whereof the pillar 2 requirement was 1.4 per cent. As part of the 2021 Supervisory Review and Evaluation Process (SREP), the Swedish FSA will introduce a Pillar 2 Guidance (P2G) and remove the pillar 2 requirement for the corporate maturity

floor. Based on the Swedish FSA's press release around P2G, SEB expects the net effect of these changes to increase the required level of CET1 capital by approximately 1 percentage point.

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. Currently the buffer is approximately 780 basis points (840).

Internally assessed capital requirement

As per 31 March 2021, the internally assessed capital requirement, including insurance risk, amounted to SEK 85bn (84). 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 increased to SEK 75bn (71).

Business development

2021 is the last year of SEB's three-year business plan and we continue to deliver on our strategic focus areas Advisory leadership, Operational excellence and Extended presence.

Advisory leadership

Our solid corporate position in Sweden was recognised as SEB ranked number one in the category of medium-sized companies in a recent Prospera customer survey. In order to further strengthen the offering to this customer segment, SEB established a new unit within its Corporate Finance business – *Corporate Finance Growth* – targeting medium-sized companies with advice on mergers and acquisitions as well as equity capital raisings.

Following a positive trend over the last four years, SEB was also ranked number one in the category of Fixed Income Sweden in another Prospera customer survey.

Sustainability-related activities:

Our long-standing efforts and competence in sustainability advisory services were also recognised in a Prospera customer survey. SEB ranked number one in Sweden, Finland, Denmark and the Nordic region.

As part of our advisory efforts, we continued to support our customers in their transition towards a low-carbon society by advising on issuance of sustainability-linked bonds that are closely tied to the companies' sustainability agendas. Examples during the quarter included the first sustainability-linked bond issued in the shipping industry by Norwegian Odfjell and the Swedish retailer H&M's first sustainability-linked bond. SEB also acted lead manager when the World Bank issued sustainable development bonds focusing on gender equality and health.

Carbon market research was launched as part of our offering to customers, as a response to the growing trend within many industrial companies where trade in carbon dioxide emission allowances has become a key strategic issue. Following SEB's signing of the Poseidon Principles in 2020 to promote a global framework for responsible ship finance, SEB also joined the Responsible Ship Recycling Standards, which is a joint bank initiative for ensuring environmentally and socially responsible dismantling and recycling of ships.

Operational excellence

Household mortgages are one of the processes being automated end-to-end in order to improve the digital customer experience and increase efficiency. In the quarter, the credit decision of the mortgage process was digitalised, and a mortgage application functionality was added to the mobile app for private customers. The functionality in the mobile app was also developed within the savings and investments initiative to include monthly savings and improved fund search capabilities.

SEB's Innovation Lab was established in 2015 to innovate and co-create with our customers. One example of co-creation during the quarter was a joint project with the Finnish industrial group Wärtsilä, aiming at paperless trade finance by digitalising the export letter of credit process.

Sustainability-related activities:

We strengthened SEB's sector policy on fossil fuels during the quarter, in line with our raised ambitions in this area. The policy includes, among other things, a roadmap for how to phase out our exposure to thermal coal mining and coal fired power generation by 2025 and 2030, respectively. In Germany, customers who are eligible for the national coal phase out legislation are exempt from the 2030 phase out until 2038. We are putting restrictions on financing of oil and gas extraction activities in environmentally sensitive areas such as the Arctic. By applying a cap to oil exploration, production and oilfield services activities, SEB will continue to gradually reduce its credit exposure to fossil fuels within the oil and gas sector in an orderly manner. The cap will be lowered annually.

Moreover, we are one of the founding partners of the Net Zero Banking Alliance, a UN-led initiative whereby SEB commits to set targets for reducing greenhouse gas emissions from our lending and investment activities, which are aligned with the temperature goals of the Paris Agreement and support the transition towards a net-zero emissions economy by 2050.

SEB's fund company, SEB Investment Management, strengthened its sustainability policy, implementing uniform exclusion criteria for all funds managed by the fund company, including exclusion of fossil fuels from all funds. In addition, the fund company's total invested capital should be carbon neutral by 2040 and investments in companies that contribute to solutions or enable transition shall increase. In line with this commitment, the fund company also joined the Net Zero Asset Managers' initiative, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 at the latest.

Extended presence

SEB entered a strategic, long-term partnership with Google Cloud to accelerate the bank's digitisation journey. SEB will use Google's Cloud innovative cloud technologies and collaborate to create new financial services and user experiences for its customers based on data, analytics and artificial intelligence. SEB's innovation studio and next-generation banking platform, SEBx, is already benefiting from Google Cloud's infrastructure and data cloud technologies, promoting cost efficiency, flexibility, and network scalability.

Sustainability-related activities:

Cinder Invest, a jointly owned company that invests in Swedish companies in need of capital to ride out the pandemic, continued to support companies in need and made two new investments during the quarter. SEB Greentech, a venture capital unit launched in 2020 with an aim to support development of green technology, made its first investments in two Swedish companies.

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.

These long-term financial targets were revised in the beginning of 2021. See the Annual and Sustainability Report for 2020 or the Fourth Quarter report 2020 for more information.

Financial aspirations for the divisions

SEB has established long-term aspirations for its divisions which will be evaluated and reported on annually.

Division	Return on business equity	Cost/income ratio
LC&FI	>13%	<0.50
C&PC	>17%	<0.40
Baltic	>20%	<0.35
Life	>30%	<0.45
Investment Management	>40%	<0.40

Cost target

SEB's business plan for 2019-2021 defines a number of strategic initiatives which, on an accumulated basis, are estimated to lead to total additional investments of SEK 2-2.5bn during the three-year period 2019-2021. This translates into an annual cost increase of SEK 1bn by 2021, and a new total cost target of SEK 23bn (+/- 200m), assuming 2018 foreign exchange rates, by 2021. With the foreign exchange rates as of 31 March 2021, the cost target implies a cost level of around SEK 22.9bn in 2021. The pace of investments will be dependent on progress and will be gradually ramped up over the three years. The strategic initiatives are expected to lead to both improved revenue growth and cost efficiencies, improving return on equity over time.

Impact from exchange rate fluctuations

The currency effect on operating profit for the first quarter 2021 was SEK -5m. Compared with the first quarter 2020, the currency effect on operating profit was SEK -167m.

Compared with the fourth quarter 2020, the weaker Swedish krona increased loans to and deposits from the public by SEK 25bn and SEK 24bn, respectively. Total REA increased by SEK 12bn while the increase of total assets was SEK 45bn.

Changes in Group Executive Committee

It was announced on 19 March 2021 that Sara Öhrvall, Chief Transformation Officer, had decided to leave SEB and to take on a new role outside SEB. Sara Öhrvall leaves in August 2021.

Subsequent event

On 28 April 2021, it was announced that SEB is creating a new division for Private Banking, Private Wealth Management & Family Office. In connection with this, the following changes to the Group Executive Committee have been decided. William Paus, today Co-Head of the Large Corporates & Financial Institutions division, will be Head of the Private Wealth Management & Family Office division. William Paus will begin in his new position on 1 June 2021 and will remain a member of SEB's Group Executive Committee. Jonas Ahlström, currently Head of the Baltic division, will take on the role as Co-Head of the Large Corporates & Financial Institutions division together with the current Co-Head, Joachim Alpen. Jonas Ahlström will begin in his new position no later than 1 September 2021 and will remain a member of SEB's Group Executive Committee. The recruitment process to find his successor has been initiated.

Uncertainties

The pandemic outbreak of Covid-19 and governments' response measures in an attempt to limit its spread, have rapidly and significantly affected societies, economies and financial markets globally. The negative financial and economic consequences have been extensive in SEB's home markets and the recovery is dependent on the pandemic development and government measures, including vaccinations. SEB is continuously assessing the asset quality of its credit portfolio using several different scenarios for the pandemic and the economic development, including the oil industry development. The assessment includes the effects of the measures taken by governments and the full consequences on the economy.

Financial markets volatility may adversely impact fair values of certain financial instruments and holdings, and consequently, net financial income and capital.

The interest rate levels – in Sweden in particular the repo rate – are key factors affecting net interest income and operating profit. The Executive Board of the Swedish central bank decided in April 2021 to hold the repo rate unchanged at zero per cent and expects that this level will remain in the years to come.

The German Federal Ministry of Finance issued a circular on 17 July 2017 with administrative guidance in relation to withholding taxes on dividends in connection with certain cross-border securities lending and derivative transactions. The circular states an intention to examine transactions executed prior to the change in tax legislation that was enacted 1 January 2016. As communicated by SEB in a press release on 22 December 2020, the tax authority in Frankfurt has requested SEB's German subsidiary DSK Hyp AG to retroactively repay transparently reported withholding tax from more than five years ago. These claims are based on federal administrative guidance that have been applied with a retroactive effect and that are still not clear. It is therefore not possible for SEB to have a well-founded opinion about amounts or timing of potential further reclaims.

SEB is of the opinion that the cross-border securities lending and derivative transactions of SEB under review in Germany were conducted in compliance with then prevailing rules. SEB's external legal advisors conclude that the tax authority's reclaims are in violation of both EU law and German law. DSK Hyp will appeal these claims. Hence, to date and in accordance with current accounting rules, no provisions have been made on group level. The legal proceedings are estimated to take up to five years.

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

Business segments

Income statement by segment

	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
Jan-Mar 2021, SEK m							
Net interest income	2 843	3 118	726	-7	-291	7	6 396
Net fee and commission income	1 651	1 253	372	665	842	-8	4 776
Net financial income	1 203	126	78	262	521	-11	2 179
Net other income	-49	8	3	2	34	-3	-4
Total operating income	5 650	4 505	1 178	922	1 107	-15	13 347
Staff costs	-1 062	-874	-195	-226	-1 543	3	-3 897
Other expenses	-1 300	-1 078	-267	-168	1 457	12	-1 345
Depreciation, amortisation and impairment of tangible and intangible assets	-17	-21	-8	-5	-425		-476
Total operating expenses	-2 379	-1 974	-470	-400	-511	15	-5 718
Profit before credit losses	3 271	2 532	708	523	596	0	7 630
Gains less losses from tangible and intangible assets	0	0	0	0	0		1
Net expected credit losses	-172	-52	66	0	5	-3	-156
Operating profit before items affecting comparability	3 098	2 480	775	523	602	-3	7 475
Items affecting comparability							
Operating profit	3 098	2 480	775	523	602	-3	7 475

	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
Jan-Mar 2020, SEK m							
Net interest income	2 664	3 002	849	-8	-276	-30	6 201
Net fee and commission income	1 674	1 315	399	605	607	25	4 624
Net financial income	-473	109	32	-118	-352	-3	-804
Net other income	-20	12	0	-5	82	-1	68
Total operating income	3 845	4 437	1 280	475	61	-9	10 089
Staff costs	-1 026	-874	-225	-220	-1 278	4	-3 619
Other expenses	-1 322	-970	-278	-184	1 150	5	-1 598
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-19	-8	-6	-379		-429
Total operating expenses	-2 365	-1 863	-511	-410	-507	9	-5 646
Profit before credit losses	1 481	2 575	770	64	-446	0	4 443
Gains less losses from tangible and intangible assets	0	0	0		0		0
Net expected credit losses	-907	-519	-77	0	10	0	-1 494
Operating profit before items affecting comparability	574	2 055	693	64	-436	0	2 950
Items affecting comparability							
Operating profit	574	2 055	693	64	-436	0	2 950

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	Q1		Q4	Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2020
Net interest income	2 843	2 936	-3	2 843	2 664	7	11 060
Net fee and commission income	1 651	1 751	-6	1 651	1 674	-1	6 472
Net financial income	1 203	1 121	7	1 203	-473		4 226
Net other income	-49	-27	77	-49	-20	142	87
Total operating income	5 650	5 781	-2	5 650	3 845	47	21 845
Staff costs	-1 062	-1 097	-3	-1 062	-1 026	3	-4 238
Other expenses	-1 300	-1 391	-7	-1 300	-1 322	-2	-5 250
Depreciation, amortisation and impairment of tangible and intangible assets	-17	-17	0	-17	-16	4	-68
Total operating expenses	-2 379	-2 506	-5	-2 379	-2 365	1	-9 555
Profit before credit losses	3 271	3 275	0	3 271	1 481	121	12 289
Gains less losses from tangible and intangible assets	0	0	-96	0	0	-89	1
Net expected credit losses	-172	-632	-73	-172	-907	-81	-4 865
Operating profit before items affecting comparability	3 098	2 643	17	3 098	574		7 425
Items affecting comparability							
Operating profit	3 098	2 643	17	3 098	574		7 425
Cost/Income ratio	0.42	0.43		0.42	0.61		0.44
Business equity, SEK bn	63.9	68.8		63.9	69.0		70.3
Return on business equity, %	14.9	11.8		14.9	2.5		8.1
Number of full time equivalents ¹⁾	2 091	2 054		2 094	2 100		2 080

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

- Increased optimism among large corporate customers and sustainability high on the agenda
- High demand for risk management-related services and equity execution
- Operating profit amounted to SEK 3,098m and return on business equity was 14.9 per cent

Comments on the first quarter

Large corporate clients showed increased optimism as vaccinations continued and the sentiment was supported by a strong US recovery outlook. The sustainability agenda was accentuated during the quarter with an increased demand for advice around sustainability-related longer-term financing. Activity in the supply chain finance area increased as clients are focusing on diversifying their global supply chains. The continued positive stock market development laid the foundation for high equity advisory and execution activity. The capital market activity was strong with a steady flow of capital raisings and new listings. Mergers and acquisitions activity continued on historically high levels. Demand for traditional lending was low.

Customers within the *financial institution* customer segment became more active compared with the previous quarter as Covid-19 related concerns eased and risk appetite returned. The appreciation of equity markets led to portfolio rebalancing needs which spurred higher activity within equities brokerage, foreign exchange and fixed income. Conditions in the fixed income area continued to be favourable and SEB improved its market position further during the quarter.

The continued stimulus from central banks drove demand for depository services and the search for higher yield continued to support interest in alternative asset classes.

Assets under custody increased to SEK 12,877bn (12,022), as a consequence of increasing asset values and new onboarded mandates.

Operating profit increased by 17 per cent. Net interest income decreased to SEK 2,843m mainly due to lower lending volumes and an adjustment of the internal funds transfer pricing. Net fee and commission income decreased to SEK 1,651m mainly driven by seasonality. Net financial income increased to SEK 1,203m with continued high activity within the credit markets and favourable market conditions. Operating expenses decreased to SEK 2,379m. Net expected credit losses amounted to SEK 172m, with a net expected credit loss level of 5 basis points. See page 9.

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. Nordic high net-worth individuals are offered leading private banking services with global reach.

Income statement

SEK m	Q1			Q4			Jan-Mar			Full year
	2021	2020	%	2021	2020	%	2021	2020	%	2020
Net interest income	3 118	3 241	- 4	3 118	3 002	4	3 118	3 002	4	12 337
Net fee and commission income	1 253	1 261	- 1	1 253	1 315	- 5	1 253	1 315	- 5	4 915
Net financial income	126	100	26	126	109	16	126	109	16	379
Net other income	8	6	33	8	12	- 28	8	12	- 28	30
Total operating income	4 505	4 609	- 2	4 505	4 437	2	4 505	4 437	2	17 661
Staff costs	-874	-878	0	-874	-874	0	-874	-874	0	-3 444
Other expenses	-1 078	-1 186	- 9	-1 078	-970	11	-1 078	-970	11	-4 138
Depreciation, amortisation and impairment of tangible and intangible assets	-21	-17	21	-21	-19	9	-21	-19	9	-69
Total operating expenses	-1 974	-2 081	- 5	-1 974	-1 863	6	-1 974	-1 863	6	-7 651
Profit before credit losses	2 532	2 528	0	2 532	2 575	- 2	2 532	2 575	- 2	10 010
Gains less losses from tangible and intangible assets	0			0	0		0	0		0
Net expected credit losses	-52	-86	-39	-52	-519	-90	-52	-519	-90	-827
Operating profit before items affecting comparability	2 480	2 442	2	2 480	2 055	21	2 480	2 055	21	9 182
Items affecting comparability										
Operating profit	2 480	2 442	2	2 480	2 055	21	2 480	2 055	21	9 182
Cost/Income ratio	0.44	0.45		0.44	0.42		0.44	0.42		0.43
Business equity, SEK bn	45.8	46.8		45.8	45.9		45.8	45.9		46.6
Return on business equity, %	16.7	16.0		16.7	13.7		16.7	13.7		15.1
Number of full time equivalents ¹⁾	3 542	3 600		3 578	3 536		3 578	3 536		3 587

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

- Increased corporate lending with growth mainly in real estate management
- Continued growth in mortgage lending and improved savings inflow
- Operating profit amounted to SEK 2,480m and return on business equity was 16.7 per cent

Comments on the first quarter

Customer satisfaction for advisory services, as measured by Net Promoter Score (NPS), remained at high levels. Compared with the fourth quarter the private customer score improved while it decreased for corporate customers.

In the *corporate customer segment*, the net inflow of full-service customers continued. The growth of corporate deposits saw a seasonal slowdown compared with elevated levels last quarter. Volumes increased for real estate lending and other corporate lending while card lending decreased. Overall, corporate lending increased by SEK 3bn and amounted to SEK 260bn (257).

Among *private customers*, the mortgage business developed well, resulting in higher growth than the overall market and a market share on net new sales above last quarter's outcome. Mortgage volumes grew by SEK 8bn and amounted to SEK 548bn (540). Mutual fund volumes continued to increase, mainly supported by the development of the stock market but also by improved net inflows.

Within Private Banking, high customer activity characterised the first quarter and assets under management reached all time high levels.

In total, lending volumes increased by SEK 14bn to SEK 870bn. Deposit volumes grew by SEK 10bn and amounted to SEK 539bn.

Operating profit increased by 2 per cent. Net interest income decreased by 4 per cent, or SEK 123m, explained by an adjustment of the internal funds transfer pricing for deposits and lower deposit guarantee fees in the fourth quarter. This was to some extent offset by increasing lending and deposit volumes. Net fee and commission income decreased by 1 per cent, partly explained by lower turnover in the card business compared with the previous quarter. The decrease was partly counteracted by high brokerage activity and increasing fund volumes. Total operating expenses decreased by 5 per cent, mainly due to seasonally higher costs in the fourth quarter. The net expected credit losses amounted to SEK 52m, with a net expected credit loss level of 2 basis points in the first quarter. See page 9.

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	Q1		Q4	Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2020
Net interest income	726	708	3	726	849	-15	3 113
Net fee and commission income	372	401	-7	372	399	-7	1 584
Net financial income	78	130	-40	78	32	140	325
Net other income	3	-2		3	0		-2
Total operating income	1 178	1 237	-5	1 178	1 280	-8	5 019
Staff costs	-195	-223	-13	-195	-225	-13	-880
Other expenses	-267	-267	0	-267	-278	-4	-1 105
Depreciation, amortisation and impairment of tangible and intangible assets	-8	-8	1	-8	-8	1	-32
Total operating expenses	-470	-498	-6	-470	-511	-8	-2 017
Profit before credit losses	708	739	-4	708	770	-8	3 002
Gains less losses from tangible and intangible assets	0	0		0	0	-9	2
Net expected credit losses	66	-97		66	-77		-425
Operating profit before items affecting comparability	775	641	21	775	693	12	2 579
Items affecting comparability							
Operating profit	775	641	21	775	693	12	2 579
Cost/Income ratio	0.40	0.40		0.40	0.40		0.40
Business equity, SEK bn	12.2	13.0		12.2	13.3		13.1
Return on business equity, %	21.6	16.8		21.6	17.9		16.8
Number of full time equivalents ¹⁾	2 206	2 219		2 211	2 345		2 285

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

- Baltic economies adapting to containment restrictions despite continued increase in Covid-19 cases
- Continued strong demand for mortgages
- Operating profit amounted to SEK 775m and return on business equity was 21.6 per cent

Comments on the first quarter

The Baltic countries experienced varying rates of new Covid-19 cases. While Latvia and Lithuania started to ease restrictions towards the end of the quarter, Estonia was forced to reintroduce tougher measures. Despite this, the Baltic economic activity was not as adversely impacted as feared at the beginning of the second wave, as government support underpinned the confidence of both consumers and businesses alike, enabling the region as a whole to function while adapting to the restrictions.

The recovery in the residential property markets seen during the second half of 2020 continued. Mortgage lending grew in local currency as property prices increased, fed by the return of consumer confidence with both renters and investors converting their savings into residential property. With the Covid-19 restrictions, usage of cards and most payment products was lower than the fourth quarter, and markedly lower than the corresponding period of 2020 when restrictions were introduced mid-way through the period. At the same time, payment fees arising from online sales improved and the high usage of SEB's digital services continued.

Corporate customers' outlook improved somewhat. Industrial production demonstrated a comparably strong

result on the back of solid export demand, and the construction sector also showed signs of recovery with the increasing demand for residential property.

Lending volumes, mainly mortgages, increased slightly in local currency and amounted to SEK 152bn (149). Deposits continued to grow both from private and corporate customers. Total deposits grew by 3 per cent in local currency and amounted to SEK 184bn (175).

Operating profit increased by 21 per cent. Net interest income increased by 4 per cent in local currency, mainly due to higher costs for prepayments of wholesale funding in the previous quarter. Net fee and commission income decreased by 6 per cent in local currency, driven by the seasonal and Covid-19 related effects. Net financial income decreased by 38 per cent in local currency, where customer activity in foreign currencies normalised from the high level in the fourth quarter and market values of government bonds in the liquidity portfolios were lower. Operating expenses decreased by 4 per cent in local currency mainly due to lower staff costs. Net expected credit losses were positive at SEK 66m as reversals exceeded new provisions. See page 9.

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	Q1			Q4			Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2021	2020	%	2020
Net interest income	-7	-8	-13	-7	-8	-15	-7	-8	-15	-31
Net fee and commission income	665	639	4	665	605	10	665	605	10	2 454
Net financial income	262	296	-11	262	-118		262	-118		660
Net other income	2	3	-26	2	-5		2	-5		5
Total operating income	922	930	-1	922	475	94	922	475	94	3 088
Staff costs	-226	-225	1	-226	-220	3	-226	-220	3	-867
Other expenses	-168	-181	-7	-168	-184	-8	-168	-184	-8	-733
Depreciation, amortisation and impairment of tangible and intangible assets	-5	-5	1	-5	-6	-11	-5	-6	-11	-21
Total operating expenses	-400	-411	-3	-400	-410	-2	-400	-410	-2	-1 621
Profit before credit losses	523	519	1	523	64		523	64		1 467
Gains less losses from tangible and intangible assets	0			0			0			
Net expected credit losses	0	0	-65	0	0		0	0		1
Operating profit before items affecting comparability	523	519	1	523	64		523	64		1 468
Items affecting comparability										
Operating profit	523	519	1	523	64		523	64		1 468
Cost/Income ratio	0.43	0.44		0.43	0.86		0.43	0.86		0.52
Business equity, SEK bn	5.4	5.4		5.4	5.5		5.4	5.5		5.3
Return on business equity, %	35.9	35.8		35.9	4.4		35.9	4.4		25.5
Number of full time equivalents ¹⁾	1 058	1 056		1 049	1 051		1 049	1 051		1 046

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

- Strong sales volumes
- Assets under management at all-time high
- Operating profit amounted to SEK 523m and return on business equity was 35.9 per cent

Comments on the first quarter

The first quarter entailed strong sales development with an increase of 37 per cent, to SEK 1.6bn. Continued customer interest in the portfolio bond product in Sweden was the main contributor to the increase. The sales development for the Swedish traditional life insurance portfolio was also favourable.

SEB remained among the top three players in the Swedish life insurance market with a market share of 11.3¹⁾ per cent. SEB continued to have strong market positions in all three Baltic countries.

Assets under management continued to increase and reached an all-time high at the end of the first quarter, amounting to SEK 436bn (404). The pension market environment in both Sweden as well as the Baltic countries remained challenging with regard to transfer volumes of customer assets as well as margin pressure. Despite that, a continued high demand for the division's life insurance products, resulted in a positive net flow. This combined with

favorable market effects led to an 8 per cent increase in customer assets, or SEK 31bn, compared with the previous quarter. The weakening of the Swedish krona had a minor positive effect.

Operating profit increased to SEK 523m. Net fee and commission income increased by 4 per cent and amounted to SEK 665m. This was to a large part driven by higher asset values in the unit-linked business and the positive in-flow to the portfolio bond product. The return in the traditional portfolios contributed to a stable net financial income in the first quarter although it was lower compared with the strong income in the fourth quarter. The traditional life and risk insurance portfolios recovered strongly from the events in the market last year and compared with the first quarter 2020 net financial income increased by SEK 380m. Operating expenses decreased compared with previous quarter.

¹⁾ Latest available market statistics from the Swedish insurance trade association.

Investment Management & group functions

The Investment Management division manages SEB funds and mandates for customers channelled via the other divisions. Group functions consist of technology, business support, treasury, staff units and German run-off operations.

Income statement

SEK m	Q1		Q4	Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2020
Net interest income	-291	-242	20	-291	-276	5	-1 165
Net fee and commission income	842	749	12	842	607	39	2 657
Net financial income	521	129		521	-352		684
Net other income	34	-29		34	82	-58	120
Total operating income	1 107	608	82	1 107	61		2 295
Staff costs	-1 543	-1 488	4	-1 543	-1 278	21	-5 562
Other expenses	1 457	1 458	0	1 457	1 150	27	5 185
Depreciation, amortisation and impairment of tangible and intangible assets	-425	-413	3	-425	-379	12	-1 717
Total operating expenses	-511	-444	15	-511	-507	1	-2 094
Profit before credit losses	596	164		596	-446		202
Gains less losses from tangible and intangible assets	0	-6		0	0	128	-9
Net expected credit losses	5	-19		5	10	-49	-4
Operating profit before items affecting comparability	602	139		602	-436		189
Items affecting comparability							-1 000
Operating profit	602	139		602	-436		-811
Number of full time equivalents ¹⁾	6 619	6 517		6 582	6 176		6 337
SEB labelled mutual funds, SEK bn	706	672		706	562		672

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

- SEB-labelled mutual funds' asset values increased to SEK 706bn
- SEB Investment AB's sustainability policy and the sustainable finance disclosure regulation were implemented
- Operating profit amounted to SEK 602m

Comments on the first quarter

Investment Management and group functions are reported combined but are distinctly different. The combined operating profit of SEK 602m (139) is best commented one by one.

Investment Management: Following the positive market development, assets under management increased, mainly for equity and mixed funds, and amounted to SEK 706bn (672). Net sales for the quarter was negative and amounted to SEK -2bn.

A new sustainability policy, adopted in December 2020, was implemented and applied to SEB's funds during the quarter. SEB labelled mutual funds were classified according to the Sustainable Finance Disclosure Regulation (SFDR) which entered into force. SEK 576bn, 82 per cent of the SEB labelled mutual funds, were classified in line with Article 8 and 9¹ in SFDR.

Operating income amounted to SEK 788m (628). Base commissions amounted to SEK 561m (570) which, after some non-recurring adjustments in the fourth quarter, represented an underlying increase of 3 per cent. Performance fees amounted to SEK 220m (102) mainly driven by one large non-

recurring item. Operating expenses decreased from the seasonally higher level in the fourth quarter and amounted to SEK 223m (248). Operating profit amounted to SEK 565m (380).

Treasury: Net interest income was negative (net expense) but improved during the first quarter. The main reason was the adjustment of the internal funds transfer prices paid to the divisions on deposits. Net financial income was higher due to mark-to-market valuation effects on swap hedges and within liquidity management.

Support and staff units: Technology provides IT operations and development as well as architecture. Business support handles back office services for the divisions. Staff units include for instance compliance and risk functions and other various units. All relevant costs are charged to the divisions to be reflected in their results.

Other: Net financial income reflected a positive market valuation effects from certain strategic holdings amounting to SEK 238m.

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.

Financial statements – SEB Group

Income statement, condensed

SEK m	Note	Q1			Jan–Mar			Full year 2020
		2021	2020	%	2021	2020	%	
Net interest income	2	6 396	6 559	-2	6 396	6 201	3	25 143
Net fee and commission income	3	4 776	4 774	0	4 776	4 624	3	18 063
Net financial income	4	2 179	1 784	22	2 179	-804		6 275
Net other income		-4	-51	-93	-4	68		236
Total operating income		13 347	13 066	2	13 347	10 089	32	49 717
Staff costs		-3 897	-3 909	0	-3 897	-3 619	8	-14 976
Other expenses		-1 345	-1 473	-9	-1 345	-1 598	-16	-5 864
Depreciation, amortisation and impairment of tangible and intangible assets		-476	-460	4	-476	-429	11	-1 906
Total operating expenses		-5 718	-5 842	-2	-5 718	-5 646	1	-22 747
Profit before credit losses		7 630	7 224	6	7 630	4 443	72	26 970
Gains less losses from tangible and intangible assets		1	-6		1	0	156	-7
Net expected credit losses	5	-156	-835	-81	-156	-1 494	-90	-6 118
Operating profit before items affecting comparability		7 475	6 382	17	7 475	2 950	153	20 846
Items affecting comparability	6							-1 000
Operating profit		7 475	6 382	17	7 475	2 950	153	19 846
Income tax expense		-1 457	-1 259	16	-1 457	-595	145	-4 100
NET PROFIT		6 018	5 123	17	6 018	2 355	156	15 746
Attributable to shareholders of Skandinaviska Enskilda Banken AB		6 018	5 123	17	6 018	2 355	156	15 746
Basic earnings per share, SEK		2.78	2.37		2.78	1.09		7.28
Diluted earnings per share, SEK		2.76	2.35		2.76	1.08		7.23

Statement of comprehensive income

SEK m	Q1			Jan–Mar			Full year 2020
	2021	2020	%	2021	2020	%	
NET PROFIT	6 018	5 123	17	6 018	2 355	156	15 746
Cash flow hedges	11	10	9	11	-51		-62
Translation of foreign operations	467	-758		467	622	-25	-1 070
Items that may subsequently be reclassified to the income statement:	477	-748		477	571	-16	-1 132
Own credit risk adjustment (OCA) ¹⁾	9	-12		9	272	-97	-70
Defined benefit plans	5 310	1 741		5 310	-1 832		1 839
Items that will not be reclassified to the income statement:	5 319	1 729		5 319	-1 560		1 769
OTHER COMPREHENSIVE INCOME	5 797	981		5 797	- 989		637
TOTAL COMPREHENSIVE INCOME	11 814	6 104	94	11 814	1 366		16 383
Attributable to shareholders of Skandinaviska Enskilda Banken AB	11 814	6 104	94	11 814	1 366		16 383

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

Balance sheet, condensed

SEK m	31 Mar 2021	31 Dec 2020
Cash and cash balances at central banks	499 393	323 776
Loans to central banks	380	3 633
Loans to credit institutions ²⁾	80 481	50 791
Loans to the public	1 778 812	1 770 161
Debt securities	407 628	265 433
Equity instruments	92 876	82 240
Financial assets for which the customers bear the investment risk	358 934	330 950
Derivatives	145 816	164 909
Other assets	78 195	48 539
TOTAL ASSETS	3 442 515	3 040 432
Deposits from central banks and credit institutions	172 879	111 309
Deposits and borrowings from the public ¹⁾	1 590 311	1 371 227
Financial liabilities for which the customers bear the investment risk	361 003	332 392
Liabilities to policyholders	30 533	29 624
Debt securities issued	827 373	749 502
Short positions	44 604	30 409
Derivatives	126 316	161 561
Other financial liabilities	1 518	744
Other liabilities	113 133	81 720
Total liabilities	3 267 670	2 868 489
Equity	174 845	171 943
TOTAL LIABILITIES AND EQUITY	3 442 515	3 040 432
1) Deposits covered by deposit guarantees	362 155	347 510

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-Mar 2021							
Opening balance	21 942	-236	-47	-1 241	5 737	145 788	171 943
Net profit						6 018	6 018
Other comprehensive income (net of tax)		9	11	467	5 310		5 797
Total comprehensive income		9	11	467	5 310	6 018	11 814
Dividend to shareholders						-8 871	-8 871
Equity-based programmes ⁴⁾						79	79
Change in holdings of own shares						-121	-121
Closing balance	21 942	-227	-36	-774	11 047	142 894	174 845
Jan-Dec 2020							
Opening balance ³⁾	21 942	-166	15	-170	3 898	130 182	155 700
Net profit						15 746	15 746
Other comprehensive income (net of tax)		-70	-62	-1 070	1 839		637
Total comprehensive income		-70	-62	-1 070	1 839	15 746	16 383
Equity-based programmes ⁴⁾						-142	-142
Change in holdings of own shares						2	2
Closing balance³⁾	21 942	-236	-47	-1 241	5 737	145 788	171 943
Jan-Mar 2020							
Opening balance ³⁾	21 942	-166	15	-170	3 898	130 182	155 700
Net profit						2 355	2 355
Other comprehensive income (net of tax)		272	-51	622	-1 832		-989
Total comprehensive income		272	-51	622	-1 832	2 355	1 366
Equity-based programmes ⁴⁾						137	137
Change in holdings of own shares						-30	-30
Closing balance³⁾	21 942	106	-36	452	2 066	132 645	157 174

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) Opening balance 2020 restated following adjustment of OCA.

4) Number of shares owned by SEB:

	Jan-Mar 2021	Jan-Dec 2020	Jan-Mar 2020
Number of shares owned by SEB, million			
Opening balance	32.2	31.5	31.5
Repurchased shares for equity-based programmes	1.5	10.9	0.1
Sold/distributed shares	-3.1	-10.2	-2.9
Closing balance	30.6	32.2	28.7
Market value of shares owned by SEB, SEK m	3 252	2 722	1 926

In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year. The acquisition cost for the purchase of own shares is deducted from shareholders' equity.

Cash flow statement, condensed

SEK m	Jan–Mar			Full year
	2021	2020	%	2020
Cash flow from the profit and loss statement	- 20 465	- 17 231	19	34 664
Increase (-)/decrease (+) in trading portfolios	- 138 417	- 64 723	114	- 18 792
Increase (+)/decrease (-) in issued short term securities	78 319	46 925	67	- 109 525
Increase (-)/decrease (+) in lending	- 33 426	- 116 764	- 71	50 008
Increase (+)/decrease (-) in deposits and borrowings	280 534	290 507	- 3	233 240
Increase/decrease in other balance sheet items	14 875	41 119	- 64	721
Cash flow from operating activities	181 419	179 832	1	190 316
Cash flow from investment activities	- 438	- 295	49	56
Cash flow from financing activities	- 8 871			- 10 257
Net increase in cash and cash equivalents	172 111	179 537	- 4	180 116
Cash and cash equivalents at the beginning of year	331 247	159 335	108	159 335
Exchange rate differences on cash and cash equivalents	5 584	7 479	- 25	- 8 203
Net increase in cash and cash equivalents	172 111	179 537	- 4	180 116
Cash and cash equivalents at the end of period¹⁾	508 942	346 351	47	331 247

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.

Notes to the financial statements - SEB Group

Note 1 Accounting policies

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 2021, the group adopted Interest Rate Benchmark Reform (IBOR) – Phase 2. The amendments to

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting as a result of the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. In accordance with the amendments, changes made to a financial instrument that relate directly to the interest rate benchmark reform and that are economically equivalent, do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark without adjusting the carrying amount. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

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 2020 Annual and Sustainability Report.

Note 2 Net interest income

SEK m	Q1		Q4		Jan–Mar			Full year
	2021	2020		%	2021	2020	%	2020
Interest income ¹⁾	8 333	8 777		- 5	8 333	10 342	- 19	37 578
Interest expense	-1 937	-2 218		- 13	-1 937	-4 141	- 53	-12 435
Net interest income	6 396	6 559		- 2	6 396	6 201	3	25 143
1) Of which interest income calculated using the effective interest method	6 823	7 155		- 5	6 823	8 540	- 20	30 966

Note 3 Net fee and commission income

SEK m	Q1			Q4			Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2021	2020	%	2020
Issue of securities and advisory services	322	356	-10	322	251	28	322	251	28	1 111
Secondary market and derivatives	519	480	8	519	622	-17	519	622	-17	2 012
Custody and mutual funds ¹⁾	2 339	2 136	10	2 339	2 047	14	2 339	2 047	14	8 177
<i>Whereof performance fees</i>	219	98	124	219	51		219	51		304
Payments, cards, lending, deposits, guarantees and other ¹⁾	2 351	2 495	-6	2 351	2 708	-13	2 351	2 708	-13	10 054
<i>Whereof payments and card fees</i>	1 181	1 244	-5	1 181	1 454	-19	1 181	1 454	-19	5 139
<i>Whereof lending</i>	686	776	-12	686	769	-11	686	769	-11	3 004
Life insurance commissions	411	409	0	411	381	8	411	381	8	1 578
Fee and commission income	5 942	5 876	1	5 942	6 009	-1	5 942	6 009	-1	22 933
Fee and commission expense	-1 166	-1 102	6	-1 166	-1 385	-16	-1 166	-1 385	-16	-4 870
Net fee and commission income	4 776	4 774	0	4 776	4 624	3	4 776	4 624	3	18 063
<i>Whereof Net securities commissions¹⁾</i>	2 494	2 395	4	2 494	2 131	17	2 494	2 131	17	8 712
<i>Whereof Net payment and card fees</i>	762	846	-10	762	896	-15	762	896	-15	3 273
<i>Whereof Net life insurance commissions</i>	292	282	4	292	254	15	292	254	15	1 084
<i>Whereof Other commissions¹⁾</i>	1 228	1 251	-2	1 228	1 343	-9	1 228	1 343	-9	4 994

1) SEK 201m has been reclassified from Other commission income to Custody and mutual funds for full year 2020. Comparative numbers have been adjusted.

Fee and commission income by segment

SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
Q1 2021							
Issue of securities and advisory	315	7	0				322
Secondary market and derivatives	409	108	13	0	-7	-4	519
Custody and mutual funds	997	461	49	50	1 795	-1 013	2 339
Payments, cards, lending, deposits, guarantees and other	1 122	939	457	50	84	-300	2 351
Life insurance commissions				832		-421	411
Fee and commission income	2 843	1 514	519	933	1 872	-1 738	5 942
Q4 2020							
Issue of securities and advisory	360	11	-15		0		356
Secondary market and derivatives	379	92	10	0	-1	0	480
Custody and mutual funds ¹⁾	910	468	45	55	1 624	-966	2 136
Payments, cards, lending, deposits, guarantees and other ¹⁾	1 195	937	520	51	86	-294	2 495
Life insurance commissions				807		-398	409
Fee and commission income	2 844	1 507	560	913	1 710	-1 658	5 876
Jan-Mar 2021							
Issue of securities and advisory	315	7	0				322
Secondary market and derivatives	409	108	13	0	-7	-4	519
Custody and mutual funds	997	461	49	50	1 795	-1 013	2 339
Payments, cards, lending, deposits, guarantees and other	1 122	939	457	50	84	-300	2 351
Life insurance commissions				832		-421	411
Fee and commission income	2 843	1 514	519	933	1 872	-1 738	5 942
Jan-Mar 2020							
Issue of securities and advisory	242	4	4		0		251
Secondary market and derivatives	501	117	10	0	-6	0	622
Custody and mutual funds ¹⁾	846	443	47	52	1 546	-887	2 047
Payments, cards, lending, deposits, guarantees and other ¹⁾	1 225	1 143	507	47	67	-282	2 708
Life insurance commissions				772		-391	381
Fee and commission income	2 815	1 707	568	872	1 608	-1 561	6 009

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.

1) SEK 201m has been reclassified from Other commission income to Custody and mutual funds for full year 2020. Comparative numbers have been adjusted.

Note 4 Net financial income

SEK m	Q1			Q4			Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2021	2020	%	2020
Equity instruments and related derivatives	855	779	10	855	779	10	855	-1 489		1 197
Debt instruments and related derivatives	-104	-216	-52	-104	-216	-52	-104	-456	-77	244
Currency and related derivatives	769	698	10	769	698	10	769	1 513	-49	3 864
Other	660	523	26	660	523	26	660	-372		970
Net financial income	2 179	1 784	22	2 179	1 784	22	2 179	-804		6 275

Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives

	212	302	-30	212	302	-30	212	-1 282		-211
--	-----	-----	-----	-----	-----	-----	-----	--------	--	------

The result within Net financial income is presented on different line items based on type of underlying financial instrument.

For the first quarter the effect from structured bonds offered to the public was approximately SEK 305m (Q4 2020: 315) in Equity related derivatives and a corresponding effect in Debt related derivatives SEK -120m (Q4 2020: -110).

Note 5 Net expected credit losses

SEK m	Q1			Q4			Jan–Mar			Full year
	2021	2020	%	2021	2020	%	2021	2020	%	2020
Impairment gains or losses - Stage 1	35	94	-63	35	94	-63	35	-476		-452
Impairment gains or losses - Stage 2	-376	-159	136	-376	-159	136	-376	-287	31	-293
Impairment gains or losses - Stage 3	177	-715		177	-715		177	-705		-5 166
Impairment gains or losses	-164	-779	-79	-164	-779	-79	-164	-1 468	-89	-5 911
Write-offs and recoveries										
Total write-offs	-517	-1 126	-54	-517	-1 126	-54	-517	-226	129	-2 757
Reversals of allowance for write-offs	463	1 022	-55	463	1 022	-55	463	154		2 364
Write-offs not previously provided for	-54	-105	-49	-54	-105	-49	-54	-72	-25	-393
Recovered from previous write-offs	62	49	26	62	49	26	62	46	33	187
Net write-offs	8	-56		8	-56		8	-25		-206
Net expected credit losses	-156	-835	-81	-156	-835	-81	-156	-1 494	-90	-6 118
Net ECL level, %	0.03	0.14		0.03	0.14		0.03	0.25		0.26

Exposure and expected credit loss (ECL) allowances by stage, Movements in allowances for expected credit losses and loans and Expected credit loss allowances by industry are presented in notes 10-12.

Note 6 Items affecting comparability

SEK m	Q1		Q4		Jan–Mar			Full year 2020
	2021	2020	%		2021	2020	%	
Other expenses								-1 000
Total operating expenses								-1 000
Items affecting comparability								-1 000
Income tax on IAC								
Items affecting comparability after tax								-1 000

The table shows the rows in which the Items affecting comparability would have been reported if not presented as an item affecting comparability.

Items affecting comparability 2020

The Swedish Financial Supervisory Authority (FSA) finalised its review of SEB's governance and control of measures against money laundering in SEB's Baltic banks. The Swedish FSA decided to issue SEB a remark, which is a lower degree of an administrative sanction that is issued when a breach has not been deemed to be serious. The Swedish FSA also decided to issue SEB an administrative fine of SEK 1,000m, which corresponds to about 14 per cent of the maximum amount the Swedish FSA can impose in this case, as well as a precept to take certain measures to improve the transaction monitoring in Sweden.

Note 7 Pledged assets and obligations

SEK m	31 Mar 2021	31 Dec 2020
Pledged assets for own liabilities ¹⁾	545 030	493 629
Pledged assets for liabilities to insurance policyholders	391 535	362 016
Other pledged assets ²⁾	120 332	108 336
Pledged assets	1 056 897	963 981
Contingent liabilities ³⁾	140 818	137 341
Commitments	742 935	724 933
Obligations	883 752	862 274

1) Of which collateralised for own issued covered bonds SEK 327,611m (333,494).

2) Of which securities lending SEK 2,070m (2,083) and pledged but unencumbered bonds SEK 90,494m (80,735).

3) Of which financial guarantees SEK 8,974m (8,573).

Note 8 Financial assets and liabilities

SEK m	31 Mar 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans ¹⁾	2 357 038	2 361 426	2 146 206	2 157 725
Debt securities	407 628	407 271	265 433	265 254
Equity instruments	92 876	92 876	82 240	82 240
Financial assets for which the customers bear the investment risk	358 934	358 934	330 950	330 950
Derivatives	145 816	145 816	164 909	164 909
Other	28 428	28 428	13 975	13 975
Financial assets	3 390 719	3 394 750	3 003 712	3 015 052
Deposits	1 763 190	1 763 859	1 482 536	1 483 301
Financial liabilities for which the customers bear the investment risk	361 003	361 003	332 392	332 392
Debt securities issued ²⁾	860 854	872 776	781 789	794 477
Short positions	44 604	44 604	30 409	30 409
Derivatives	126 316	126 316	161 561	161 561
Other	40 704	40 706	19 828	19 875
Financial liabilities	3 196 670	3 209 263	2 808 515	2 822 015

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 2020.

Note 9 Assets and liabilities measured at fair value

SEK m	31 Mar 2021				31 Dec 2020			
	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		123 399		123 399		120 124		120 124
Debt securities	200 142	195 729		395 871	100 088	153 154		253 242
Equity instruments	74 349	3 350	15 178	92 876	65 762	3 117	13 360	82 240
Financial assets for which the customer bear the investment risk	352 232	6 151	551	358 934	324 650	5 835	465	330 950
Derivatives	887	144 530	398	145 816	1 003	163 481	425	164 909
Investment in associates ¹⁾	22		569	591	60		526	586
Total	627 632	473 159	16 696	1 117 487	491 563	445 711	14 776	952 051
Liabilities								
Deposits		39 187		39 187		12 238		12 238
Financial liabilities for which the customer bear the investment risk	354 393	6 069	541	361 003	326 166	5 773	453	332 392
Liabilities to policyholders - insurance	29 455	1 077		30 533	28 511	1 113		29 624
Debt securities issued		13 342		13 342		13 618		13 618
Short positions	29 215	15 389		44 604	24 173	6 236		30 409
Derivatives	797	125 144	375	126 316	806	160 349	406	161 561
Other financial liabilities at fair value	137	1 381		1 518	123	621		744
Total	413 998	201 590	916	616 504	379 779	199 949	859	580 586

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

Fair value measurement

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.

The group has an established control environment for the determination of fair values of financial instruments that includes a review, independent from the business, of valuation models and prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions of material and principal importance require approval from the GRMC (Group Risk Measurement Committee) and the ARC (Accounting Reporting Committee).

In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Group Risk classifies and continuously reviews the classification of financial instruments in the fair value hierarchy. The valuation process is the same for financial instruments in all levels.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the principal market for the instrument to which SEB has immediate access.

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterparty. 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.

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 counterparties 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.

Note 9, continued. Assets and liabilities measured at fair value

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. 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	Gain/loss in Income statement ¹⁾	Gain/loss in Other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance
	1 Jan 2021									31 Mar 2021
Assets										
Equity instruments	13 360	1 040		1 116	-420				82	15 178
Financial assets for which the customer bear the investment risk	465	4		48	-17		45	-2	8	551
Derivatives	425	-41				14				398
Investment in associates	526	-18		61						569
Total	14 776	985		1 225	-437	14	45	-2	90	16 696
Liabilities										
Financial liabilities for which the customer bear the investment risk	453	3		48	-18		46		9	541
Derivatives	406	-55				24				375
Total	859	-52		48	-18	24	46		9	916

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 Mar 2021				31 Dec 2020			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ^{1) 4)}	399	-375	24	29	427	-406	21	55
Equity instruments ^{2) 5) 6)}	4 028		4 028	754	3 285		3 285	626
Insurance holdings - Financial instruments ^{3) 4) 6) 7)}	11 511		11 511	1 380	10 367		10 367	1 230

1) Volatility valuation inputs for Bermudan swaptions are unobservable. Volatilities used for ordinary swaptions are adjusted further in order to reflect the additional uncertainty associated with the valuation of Bermudan style swaptions. The sensitivity is calculated from shift in implied volatilities and aggregated from each currency and maturity bucket.

2) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent shift in market values.

3) Sensitivity for debt securities is generally quantified as shift in market values of 5 per cent except for credit opportunity 10 per cent and for distressed debt and structured credits 15 per cent.

4) Shift in implied volatility by 10 per cent.

5) Sensitivity analysis is based on a shift in market values of hedge funds 5 per cent, private equity of 20 per cent, structured credits 15 per cent.

6) Sensitivity from a shift of investment properties/real estate funds market values of 10 per cent and infrastructure/infrastructure funds market values of 20 per cent.

7) The sensitivity show changes in the value of the insurance holdings which do not at all times affect the P/L of the group since any surplus in the traditional life portfolios are consumed first.

Note 10 Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Mar 2021	31 Dec 2020
Stage 1 (12-month ECL)		
Debt securities	11 758	12 191
Loans ¹⁾	1 688 545	1 641 422
Financial guarantees and Loan commitments	758 819	740 472
Gross carrying amounts/Nominal amounts Stage 1	2 459 122	2 394 086
Debt securities	0	0
Loans ¹⁾	-958	-972
Financial guarantees and Loan commitments	-257	-260
ECL allowances Stage 1	-1 215	-1 232
Debt securities	11 757	12 191
Loans ¹⁾	1 687 586	1 640 449
Financial guarantees and Loan commitments	758 562	740 213
Carrying amounts/Net amounts Stage 1	2 457 905	2 392 852
Stage 2 (lifetime ECL)		
Loans ¹⁾²⁾	60 213	61 745
Financial guarantees and Loan commitments	16 433	16 375
Gross carrying amounts/Nominal amounts Stage 2	76 645	78 120
Loans ¹⁾²⁾	-1 606	-1 208
Financial guarantees and Loan commitments	-205	-176
ECL allowances Stage 2	-1 811	-1 384
Loans ¹⁾²⁾	58 607	60 537
Financial guarantees and Loan commitments	16 228	16 199
Carrying amounts/Net amounts Stage 2	74 835	76 736
Stage 3 (credit impaired/lifetime ECL)		
Loans ¹⁾³⁾	13 643	14 890
Financial guarantees and Loan commitments ³⁾	601	700
Gross carrying amounts/Nominal amounts Stage 3	14 244	15 590
Loans ¹⁾³⁾	-7 062	-7 331
Financial guarantees and Loan commitments ³⁾	-130	-218
ECL allowances Stage 3	-7 192	-7 549
Loans ¹⁾³⁾	6 581	7 559
Financial guarantees and Loan commitments ³⁾	472	482
Carrying amounts/Net amounts Stage 3	7 052	8 042

The note continues on the next page.

Note 10, continued. Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Mar 2021	31 Dec 2020
Total		
Debt securities	11 758	12 191
Loans ¹⁾²⁾³⁾	1 762 401	1 718 057
Financial guarantees and Loan commitments ³⁾	775 853	757 547
Gross carrying amounts/Nominal amounts	2 550 011	2 487 796
Debt securities	0	0
Loans ¹⁾²⁾³⁾	-9 626	-9 512
Financial guarantees and Loan commitments ³⁾	-592	-653
ECL allowances	-10 218	-10 165
Debt securities	11 757	12 191
Loans ¹⁾²⁾³⁾	1 752 774	1 708 545
Financial guarantees and Loan commitments ³⁾	775 261	756 895
Carrying amounts/Net amounts	2 539 792	2 477 630

1) Excluding demand deposits credit institutions and including trade and client receivables presented as other assets.

2) Whereof gross carrying amounts SEK 1,379m (1,327) and ECL allowances SEK 3m (2) under Lifetime ECLs -simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 2,255m (2,274) and ECL allowances SEK 1,319m (1,392) 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, %	0.77	0.87
Stage 3 loans / Total loans, net, %	0.38	0.44
ECL coverage ratio Stage 1, %	0.05	0.05
ECL coverage ratio Stage 2, %	2.36	1.77
ECL coverage ratio Stage 3, %	50.49	48.42
ECL coverage ratio, %	0.40	0.41

The note continues on the next page.

Note 10, continued. Exposure and expected credit loss (ECL) allowances by stage

Development of exposures and ECL allowances by stage

In the first quarter, the depreciation of the Swedish krona mainly against the US dollar had an increasing effect on both gross exposures and ECL allowances. In Stage 3, the gross exposures and ECL allowances decreased as effects from write-offs, risk migration and repayments more than offset the currency effects. In Stage 2, gross exposures decreased due to risk migration to both Stage 1 and 3.

Measurement of ECL allowances

SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of judgement depends on model outcome, materiality and information available and ECJ may be applied to incorporate factors not captured by the models. In the first quarter 2021, the model overlays on portfolio level made through ECJ in 2020 were maintained in the Corporate & Private Customer and Baltic divisions as the financial impact of Covid-19 on small and mid-sized companies will be more visible over the course of the year when the full year financials are made available. Furthermore, once economies start to reopen there will likely be phase-out of various support measures and, while this process is expected to be gradual, it may have implications on credit quality.

Significant increase in credit risk (SICR)

SEB uses both quantitative and qualitative indicators for determining significant increase in credit risk. Following the Covid-19 pandemic, governments have enabled measures to support corporates and private individuals, including amortisation exemptions for household mortgages. In line with the SFSA's recommendations, such measures do not automatically trigger a significant increase in credit risk, and thereby a transfer to stage 2 and increased ECL allowances, under EBA's guidelines.

Key macroeconomic variable assumptions for calculating ECL allowances

Macroeconomic forecasts made by SEB Economic Research 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.

The three scenarios used are based on different assumptions around how rapidly economies will reopen and recover following the pandemic, which may depend on the continued spread and mutations of the coronavirus and the vaccination process. The base scenario assumes a balanced economic recovery that is slightly slower in 2021 but stronger in 2022.

In the first quarter 2021, the update of the macroeconomic parameters and scenario weights had insignificant impact on total ECL allowances of SEB Group. The table below sets out the key assumptions of the base scenario, used for estimating ECL allowances as of 31 March 2021. A further description of the scenarios is available in SEB's Nordic Outlook from February 2021.

Base scenario assumptions	2021	2022	2023
Global GDP growth	5.0%	4.3%	3.9%
OECD GDP growth	3.7%	3.7%	3.0%
Sweden			
GDP growth	2.8%	4.8%	2.5%
Household consumption expenditure growth	2.5%	4.0%	2.7%
Interest rate (STIBOR)	-0.1%	0.0%	0.1%
Residential real estate price growth	2.0%	2.0%	2.0%
Baltic countries			
GDP growth	1.8% – 3.9%	3.8% – 4.6%	3.5%
Household consumption expenditure growth	2.6% – 4.3%	3.5% – 5.7%	3.0% – 4.0%
Inflation rate	1.2% – 2.0%	2.2% – 2.8%	2.5%
Nominal wage growth	3.0% – 6.0%	4.5% – 6.7%	5.0%

The positive scenario assumes that the power of stimulus measures is greater once conditions improve due to for example households and businesses starting to use savings from 2020, and some months into 2022, the GDP level is assumed to be higher than pre-Covid-19 and above the underlying trend. The negative scenario reflects the risk that the negative effects from the current large-scale restrictions and potential virus mutations are underestimated, and that hopes for normalisation of daily life are exaggerated, making it difficult to repeat the strong rebound seen in the summer 2020 when economies reopened.

In the calculation of ECL allowances as of 31 March 2021, the probabilities of the three scenarios were 60 per cent for the base scenario, 20 per cent for the positive scenario, and 20 per cent for the negative scenario.

Should the positive and negative scenarios be assigned 100 per cent probability, the model calculated ECL allowances would decrease by 3 per cent and increase by 5 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 108-109 and 142-143 in the Annual and Sustainability Report 2020.

Note 11 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 2020	972	1 208	7 331	9 512
New and derecognised financial assets, net	82	165	-397	-151
Changes due to change in credit risk	-109	185	316	392
Changes due to modifications	0	2	0	3
Changes due to methodology change	0			0
Decreases in ECL allowances due to write-offs			-463	-463
Change in exchange rates	13	46	275	334
ECL allowance as of 31 Mar 2021	958	1 606	7 062	9 626
Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2020	260	176	218	653
New and derecognised financial assets, net	13	-6	22	29
Changes due to change in credit risk	-21	31	-118	-108
Changes due to methodology change	0			0
Change in exchange rates	5	5	8	19
ECL allowance as of 31 Mar 2021	257	205	130	592
Total Loans, Debt securities, Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2020	1 232	1 384	7 549	10 165
New and derecognised financial assets, net	94	158	-375	-122
Changes due to change in credit risk	-130	215	198	284
Changes due to modifications	0	2	0	3
Changes due to methodology change	0			0
Decreases in ECL allowances due to write-offs			-463	-463
Change in exchange rates	18	51	283	353
ECL allowance as of 31 Mar 2021	1 215	1 811	7 192	10 218

SEB's measurement of ECL allowances and related assumptions according to IFRS 9 can be found on pages 108-109 and 142-143 in the Annual and Sustainability Report 2020.

Note 12 Loans and expected credit loss (ECL) allowances by industry

SEK m	Gross carrying amounts				ECL allowances				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		
31 Mar 2021									
Banks	94 011	1 620	13	95 645	-4	-2	-4	-10	95 635
Finance and insurance	131 190	739	10	131 939	-50	-49	-6	-105	131 835
Wholesale and retail	71 875	1 761	233	73 869	-90	-46	-103	-239	73 630
Transportation	29 778	1 871	228	31 876	-34	-64	-80	-178	31 698
Shipping	45 542	3 498	1 475	50 515	-12	-35	-569	-616	49 898
Business and household services	138 362	6 738	1 543	146 643	-170	-271	-857	-1 297	145 346
Construction	11 284	638	375	12 297	-21	-21	-191	-234	12 062
Manufacturing	80 872	3 611	2 192	86 675	-82	-285	-1 092	-1 458	85 217
Agriculture, forestry and fishing	23 122	774	114	24 011	-19	-7	-31	-57	23 954
Mining, oil and gas extraction	16 876	1 525	4 465	22 866	-7	-351	-2 837	-3 195	19 671
Electricity, gas and water supply	47 031	614	198	47 842	-21	-27	-92	-140	47 702
Other	37 402	3 348	241	40 991	-34	-35	-99	-168	40 823
Corporates	633 334	25 117	11 073	669 523	-541	-1 192	-5 956	-7 689	661 835
Commercial real estate management	158 650	2 684	514	161 849	-81	-43	-118	-242	161 607
Residential real estate management	128 622	1 264	27	129 914	-36	-2	0	-38	129 876
Real Estate Management	287 273	3 948	542	291 762	-117	-45	-118	-280	291 483
Housing co-operative associations	57 021	7 032	2	64 055	0	0	-2	-3	64 052
Public Administration	14 146	76	1	14 223	0	-3	-1	-4	14 220
Household mortgages	566 060	19 105	910	586 075	-85	-159	-289	-533	585 542
Other	36 701	3 315	1 101	41 117	-211	-206	-693	-1 109	40 008
Households	602 760	22 420	2 012	627 192	-296	-365	-981	-1 642	625 550
TOTAL	1 688 545	60 213	13 643	1 762 401	-958	-1 606	-7 062	-9 626	1 752 774
31 Dec 2020									
Banks	86 112	1 917	14	88 043	-6	-2	-4	-12	88 031
Finance and insurance	109 335	653	25	110 014	-43	-4	-7	-54	109 959
Wholesale and retail	69 523	2 215	459	72 196	-99	-65	-198	-362	71 835
Transportation	28 916	1 671	227	30 814	-36	-49	-74	-159	30 656
Shipping	42 697	2 895	1 480	47 073	-10	-20	-530	-560	46 513
Business and household services	132 841	6 834	1 559	141 234	-167	-237	-759	-1 164	140 070
Construction	10 736	706	356	11 799	-20	-35	-188	-243	11 555
Manufacturing	83 313	3 381	2 779	89 473	-89	-98	-1 372	-1 559	87 914
Agriculture, forestry and fishing	22 558	916	117	23 591	-19	-13	-29	-61	23 530
Mining, oil and gas extraction	16 797	1 498	4 963	23 258	-8	-205	-2 873	-3 086	20 172
Electricity, gas and water supply	45 216	608	175	46 000	-21	-26	-85	-131	45 869
Other	44 592	3 034	232	47 859	-33	-34	-93	-161	47 698
Corporates	606 524	24 412	12 373	643 310	-546	-785	-6 209	-7 539	635 771
Commercial real estate management	158 927	3 343	410	162 680	-72	-49	-127	-248	162 432
Residential real estate management	125 844	1 528	27	127 399	-36	-6	0	-42	127 357
Real Estate Management	284 771	4 871	437	290 079	-108	-55	-127	-290	289 789
Housing co-operative associations	55 884	6 615	3	62 501	0	0	-2	-2	62 498
Public Administration	14 989	72	1	15 061	-1	-4	-1	-5	15 056
Household mortgages	554 967	20 445	971	576 383	-86	-154	-307	-547	575 836
Other	38 176	3 414	1 090	42 680	-226	-209	-682	-1 117	41 563
Households	593 143	23 859	2 062	619 063	-313	-363	-988	-1 664	617 399
TOTAL	1 641 422	61 745	14 890	1 718 057	-972	-1 208	-7 331	-9 512	1 708 545

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

SEB consolidated situation

Note 13 Capital adequacy analysis

SEK m	31 Mar 2021	31 Dec 2020
Own funds		
Common Equity Tier 1 capital	154 772	152 124
Tier 1 capital	167 842	164 403
Total own funds	175 707	181 835
Own funds requirement		
Risk exposure amount	761 144	725 560
Expressed as own funds requirement	60 892	58 045
Common Equity Tier 1 capital ratio	20.3%	21.0%
Tier 1 capital ratio	22.1%	22.7%
Total capital ratio	23.1%	25.1%
Own funds in relation to own funds requirement	2.89	3.13
Regulatory Common Equity Tier 1 capital requirement including buffer	11.1%	11.1%
of which capital conservation buffer requirement	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	3.0%
of which other systemically important institution buffer requirement (O-SII)	1.0%	1.0%
of which countercyclical capital buffer requirement	0.1%	0.1%
Common Equity Tier 1 capital available to meet buffer ¹⁾	15.8%	16.5%
Leverage ratio		
Exposure measure for leverage ratio calculation	3 671 255	3 226 866
of which on balance sheet items	3 083 059	2 678 521
of which off balance sheet items	588 196	548 345
Leverage ratio	4.6%	5.1%

¹⁾ CET1 ratio excluding buffers and minimum capital requirement of 4.5%.

Note 14 Own funds

SEK m	31 Mar 2021	31 Dec 2020
Shareholders equity according to balance sheet ¹⁾	174 845	171 943
Accrued dividend	-2 967	-8 864
Deconsolidation of insurance companies and other foreseeable charges	-1 105	-988
Common Equity Tier 1 capital before regulatory adjustments ²⁾	170 773	162 091
Additional value adjustments	-1 146	-894
Goodwill	-4 436	-4 378
Intangible assets	-1 073	-1 557
Deferred tax assets that rely on future profitability	-8	-11
Fair value reserves related to gains or losses on cash flow hedges	36	47
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-153	3
Defined-benefit pension fund assets	-9 009	-3 008
Direct and indirect holdings of own CET1 instruments	-213	-169
Total regulatory adjustments to Common Equity Tier 1	-16 001	-9 967
Common Equity Tier 1 capital	154 772	152 124
Additional Tier 1 instruments	13 070	12 279
Tier 1 capital	167 842	164 403
Tier 2 instruments ³⁾	8 700	18 606
Net provisioning amount for IRB-reported exposures	815	476
Holdings of Tier 2 instruments in financial sector entities	-1 650	-1 650
Tier 2 capital	7 865	17 432
Total own funds	175 707	181 835

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⁾ The Common Equity Tier 1 capital is presented on a consolidated basis, and differs from total equity according to IFRS. The insurance business contribution to equity is excluded.

³⁾ Following an approval from the Swedish FSA to call a Tier 2 instrument of EUR 1.0 bn issued in 2014, the instrument has been excluded from the bank's own funds.

Note 15 Risk exposure amount

SEK m	31 Mar 2021		31 Dec 2020	
	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	16 997	1 360	13 893	1 111
Exposures to institutions	48 904	3 912	46 522	3 722
Exposures to corporates	346 513	27 721	342 199	27 376
Retail exposures	64 620	5 170	63 740	5 099
of which secured by immovable property	42 062	3 365	40 817	3 265
of which retail SME	5 237	419	5 278	422
of which other retail exposures	17 320	1 386	17 644	1 412
Securitisation positions	2 664	213	1 973	158
Total IRB approach	479 698	38 376	468 326	37 466
Credit risk standardised approach				
Exposures to central governments or central banks	585	47	966	77
Exposures to institutions	1 198	96	909	73
Exposures to corporates	5 286	423	4 905	392
Retail exposures	14 010	1 121	13 528	1 082
Exposures secured by mortgages on immovable property	2 036	163	1 935	155
Exposures in default	48	4	52	4
Exposures associated with particularly high risk	1 143	91	1 043	83
Exposures in the form of collective investment undertakings (CIU)			57	5
Equity exposures	6 446	516	4 139	331
Other items	10 724	858	10 327	826
Total standardised approach	41 476	3 318	37 860	3 029
Market risk				
Trading book exposures where internal models are applied	39 755	3 180	28 088	2 247
Trading book exposures applying standardised approaches	14 760	1 181	8 742	699
Total market risk	54 515	4 361	36 830	2 946
Other own funds requirements				
Operational risk advanced measurement approach	50 232	4 019	50 483	4 039
Settlement risk	27	2	3	0
Credit value adjustment	9 345	748	7 336	587
Investment in insurance business	15 982	1 279	16 633	1 331
Other exposures	3 954	316	5 237	419
Additional risk exposure amount ²⁾	105 914	8 473	102 851	8 228
Total other own funds requirements	185 455	14 836	182 544	14 604
Total	761 144	60 892	725 560	58 045

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.

Note 16 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)	31 Mar 2021	31 Dec 2020
Average risk-weight		
Exposures to central governments or central banks	2.3%	2.9%
Exposures to institutions	22.5%	21.7%
Exposures to corporates	27.6%	27.5%
Retail exposures	9.3%	9.4%
of which secured by immovable property	6.7%	6.7%
of which retail SME	49.7%	49.6%
of which other retail exposures	29.1%	29.6%
Securitisation positions	22.7%	16.4%

Skandinaviska Enskilda Banken AB (publ) – parent company

Income statement

In accordance with FSA regulations	Q1			Q4			Jan–Mar			Full year
SEK m	2021	2020	%	2021	2020	%	2021	2020	%	2020
Interest income	6 979	7 322	-5	6 979	8 806	-21	6 979	8 806	-21	31 460
Leasing income	1 302	1 317	-1	1 302	1 390	-6	1 302	1 390	-6	5 365
Interest expense	-1 644	-1 864	-12	-1 644	-3 909	-58	-1 644	-3 909	-58	-11 118
Dividends	1 848	1 895	-3	1 848	2		1 848	2		3 121
Fee and commission income	3 519	3 595	-2	3 519	3 590	-2	3 519	3 590	-2	13 734
Fee and commission expense	- 807	- 697	16	- 807	- 884	-9	- 807	- 884	-9	-3 036
Net financial income	1 378	1 464	-6	1 378	- 351		1 378	- 351		5 297
Other income	524	- 50		524	218	140	524	218	140	411
Total operating income	13 099	12 982	1	13 099	8 863	48	13 099	8 863	48	45 234
Administrative expenses	-4 220	-4 394	-4	-4 220	-4 024	5	-4 220	-4 024	5	-17 372
Depreciation, amortisation and impairment of tangible and intangible assets	-1 388	-1 378	1	-1 388	-1 438	-3	-1 388	-1 438	-3	-5 683
Total operating expenses	-5 608	-5 772	-3	-5 608	-5 462	3	-5 608	-5 462	3	-23 055
Profit before credit losses	7 491	7 210	4	7 491	3 401	120	7 491	3 401	120	22 179
Net expected credit losses	-183	-652	-72	-183	-1 402	-87	-183	-1 402	-87	-5 550
Impairment of financial assets					- 220	-100		- 220	-100	- 220
Operating profit	7 308	6 559	11	7 308	1 779		7 308	1 779		16 409
Appropriations	522	1 352	-61	522	238	120	522	238	120	2 390
Income tax expense	-1 148	-2 014	-43	-1 148	- 242		-1 148	- 242		-4 636
Other taxes		297	-100		115	-100		115	-100	451
NET PROFIT	6 682	6 193	8	6 682	1 890		6 682	1 890		14 614

Statement of comprehensive income

	Q1			Q4			Jan–Mar			Full year
SEK m	2021	2020	%	2021	2020	%	2021	2020	%	2020
NET PROFIT	6 682	6 193	8	6 682	1 890		6 682	1 890		14 614
Cash flow hedges	11	10	10	11	- 51		11	- 51		- 62
Translation of foreign operations	41	- 32		41	- 53		41	- 53		- 158
Items that may subsequently be reclassified to the income statement:	52	- 22		52	- 104		52	- 104		- 220
OTHER COMPREHENSIVE INCOME	52	- 22		52	- 104		52	- 104		- 220
TOTAL COMPREHENSIVE INCOME	6 734	6 171	9	6 734	1 786		6 734	1 786		14 394

Balance sheet, condensed

SEK m	31 Mar 2021	31 Dec 2020
Cash and cash balances with central banks	469 242	294 391
Loans to central banks	320	3 537
Loans to credit institutions	98 775	67 490
Loans to the public	1 576 752	1 569 310
Debt securities	380 584	239 928
Equity instruments	72 559	63 825
Derivatives	140 644	159 380
Other assets	118 576	99 248
TOTAL ASSETS	2 857 451	2 497 110
Deposits from central banks and credit institutions	212 334	147 831
Deposits and borrowings from the public ¹⁾	1 410 867	1 198 833
Debt securities issued	827 295	749 415
Short positions	44 604	30 409
Derivatives	121 314	157 529
Other financial liabilities	1 518	744
Other liabilities	89 212	59 853
Untaxed reserves	18 629	18 628
Equity	131 678	133 868
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	2 857 451	2 497 110
1) Private and SME deposits covered by deposit guarantee	241 687	232 375
Private and SME deposits not covered by deposit guarantee	127 427	134 315
All other deposits	1 041 753	832 143
Total deposits from the public	1 410 867	1 198 833

Pledged assets and obligations

SEK m	31 Mar 2021	31 Dec 2020
Pledged assets for own liabilities	541 344	490 032
Other pledged assets	118 261	106 252
Pledged assets	659 605	596 284
Contingent liabilities	143 824	141 769
Commitments	686 563	667 824
Obligations	830 386	809 592

Capital adequacy

SEK m	31 Mar 2021	31 Dec 2020
Own funds		
Common Equity Tier 1 capital	137 821	134 055
Tier 1 capital	150 891	146 334
Total own funds	158 632	163 646
Own funds requirement		
Risk exposure amount	695 256	659 989
Expressed as own funds requirement	55 620	52 799
Common Equity Tier 1 capital ratio	19.8%	20.3%
Tier 1 capital ratio	21.7%	22.2%
Total capital ratio	22.8%	24.8%
Own funds in relation to capital requirement	2.85	3.10
Regulatory Common Equity Tier 1 capital requirement including buffers	7.1%	7.1%
of which capital conservation buffer requirement	2.5%	2.5%
of which countercyclical capital buffer requirement	0.1%	0.1%
Common Equity Tier 1 capital available to meet buffers ¹⁾	15.3%	15.8%
Leverage ratio		
Exposure measure for leverage ratio calculation	3 468 751	3 025 643
of which on balance sheet items	2 890 948	2 487 526
of which off balance sheet items	577 803	538 118
Leverage ratio	4.4%	4.8%

¹⁾ CET1 ratio excluding buffers and minimum capital requirement of 4.5%.

Signature of the President

The President declares that this financial report for the period 1 January 2021 through 31 March 2021 provides a fair overview of the parent company's and the group's operations, their financial position and results and describe material risks and uncertainties facing the parent company and the group.

Stockholm, 28 April 2021

Johan Torgeby
President and Chief Executive Officer

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 March 31, 2021 and for the three-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 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, 28 April 2021

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Contacts and calendar

Results presentation at telephone conference

The presentation of the results will be held (in English) at 9 a.m., Swedish time, on 28 April 2021 at a conference call. Please call, at least 10 minutes in advance, +44 (0)2071 928 000 and quote conference id: 5140979. The conference can be followed live on sebgroup.com/ir where a replay will also be available afterwards.

The President and CEO, Johan Torgeby, and the Chief Financial Officer, Masih Yazdi, will present and comment upon the results, followed by a Q&A session with Johan Torgeby, Masih Yazdi and Pawel Wyszynski, Head of Investor Relations.

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
Karin Lepasoon, Head of Marketing and Communication
Tel: +46 771 621 000
Henrik Westman, Acting Head of Corporate Communication
Tel: +46 70 763 51 34

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 2021

15 July 2021	Quarterly report January – June 2021	The silent period starts on 1 July 2021
20 October 2021	Quarterly report January – September 2021	The silent period starts on 1 October 2021

The financial information calendar for 2022 will be published in conjunction with the Quarterly Report for January-September 2021.

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.

Operating profit before items affecting comparability

Total profit before items affecting comparability and tax.

Net profit

Total profit after tax.

Return on equity

Net profit attributable to shareholders in relation to 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.

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.

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.

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 credit impairments 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 (excluding demand deposits credit institutions and 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 (excluding demand deposits credit institutions and including trade and client receivables presented as other assets).

The excel file Alternative Performance Measures, available on sebgroup.com/ir, provides information on how the measures are calculated.

Definitions

According to the EU Capital Requirements Regulation no 575/2013 (CRR):

Risk exposure amount

Total assets and off-balance sheet items, risk-weighted in accordance with capital adequacy regulations for credit risk and market risk. The operational risks are measured and added as risk exposure amount. Risk exposure amounts are only defined for the consolidated situation, excluding insurance entities and exposures deducted from own funds.

Common Equity Tier 1 capital (CET)

Shareholders' equity excluding dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in EU Regulation no 575/2013 (CRR).

Tier 1 capital

Common Equity Tier 1 capital plus qualifying forms of subordinated loans liabilities, so-called additional tier 1 instruments.

Tier 2 capital

Mainly subordinated loans liabilities not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

Common Equity Tier 1 capital as a percentage of risk exposure amount.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Leverage ratio

Tier 1 capital as a percentage of total assets including off balance sheet items with conversion factors according to the standardised approach.

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):

Net stable funding ratio (NSFR)

Available stable funding in relation to the amount of required stable funding over a one-year horizon.

This is SEB

We enable people and businesses to realise their ideas

SEB is a leading northern European financial services group, with a history dating back to 1856. Innovation, entrepreneurship and an international perspective are part of our DNA. Our vision is to provide world-class service. We do this through long-term relationships, personal advice and digital services – and by supporting our customers in the transition to a more sustainable world.

Our customers

2,000 large corporations, 1,100 financial institutions, 272,000 SME and 1.5 million private full-service customers bank with SEB.

Our values

We are guided by our Code of Conduct and our core values: customers first, commitment, collaboration and simplicity.

Our employees

Around 15,500 highly skilled employees serving our customers from locations in some 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. Engagement and curiosity about the future have guided us ever since we welcomed our first customer more than 160 years ago. With value-creating advice, innovation and a focus on long-term relationships, we are changing together with our customers and the communities in which we operate. We stand by our customers in both good times and bad.

Business plan focus areas

Advisory leadership – Offer customers proactive, customised and valuable advice, based on their specific needs and behaviours, through human and digital interaction.

Operational excellence – Improve customer value by increasing the pace of digitalisation and automation while extending the use of data and analytics.

Extended presence – Meet our customers on their terms in their digital ecosystems and offer a combination of products and services from SEB and our partners.

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