

Quarterly Report

Second quarter 2022 | January – June 2022

STOCKHOLM 14 JULY 2022



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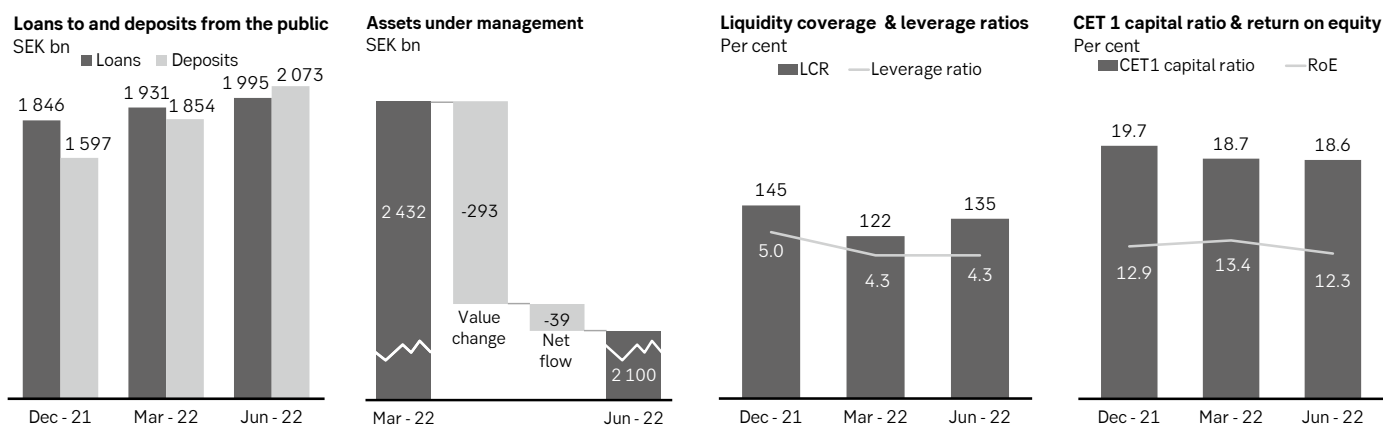
SEB

Second quarter 2022

- Solid operating result enabled by our diversified business model, despite a worsening macroeconomic backdrop and Russia's war in Ukraine
- Return on equity amounted to 12.3 per cent, on a capital management buffer that exceeds the regulatory requirement by 480 basis points
- Continued robust asset quality, with net expected credit losses of 6 basis points

SEK m	Q2			Q1			Jan-Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	
Total operating income	14 441	14 768	-2	13 924	4	29 209	27 539	6	55 638	
Total operating expenses	-6 201	-5 793	7	-5 759	8	-11 995	-11 477	5	-23 245	
Net expected credit losses	-399	-535	-26	-7		-933	-163		-510	
Imposed levies: Risk tax and resolution fees	-556	-582	-5	-242	130	-1 138	-509	124	-1 019	
Operating profit	7 285	7 857	-7	7 916	-8	15 142	15 391	-2	30 864	
NET PROFIT	5 842	6 403	-9	6 574	-11	12 244	12 591	-3	25 423	
Return on equity, %	12.3	13.4		14.7		12.8	14.2		13.9	
Basic earnings per share, SEK	2.73	2.98		3.04		5.70	5.82		11.75	

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



A challenging new environment

The heightened level of global uncertainty prevailed in the second quarter, driven by Russia's war in Ukraine, the energy crisis and continued supply-chain disruptions. A continuously increasing global inflationary pressure and higher interest rates also contributed. As a result of the higher inflation, central banks around the world have initiated further near-term tightening of monetary policies than previously expected. However, financial markets have recently started to price in interest rate cuts as early as the first half of 2023, indicating an increased concern of a recession in Europe and the US.

In Sweden, declining equity markets and an expected hampering effect on the housing market from higher interest rates risk an erosion of household savings. However, public finances remain robust, with public debt as a share of GDP amounting to 35 per cent compared with 100 per cent for the Euro area. Combined with Sweden's relatively strong supply of key commodities such as forestry, iron ore and steel, as well as a well-developing green technology sector, this provides favourable conditions for future long-term economic growth.

As we now move from an era where the cost of money – i.e. interest rates – has been falling and practically been priced at “zero”, we should all brace for the short-term impact of higher interest rates. While gradually adapting to this changing operating environment, a new long-term equilibrium needs to be established for most asset classes. In addition, while the recovery of the global economy is dependent on factors such as the effectiveness of policy responses, central banks will have to find a balance between disinflationary policies and risk of a recession.

SEB's role in these challenging times is to stand by our customers for the long-term, meanwhile adapting our business to this new environment. In our ambition to meet our customers' evolving needs, we continue to execute on our 2030 Strategy.

The strengths of a diversified business model

Once again, we find ourselves in an environment where our long-term relationships and diversified business model prove to be a strength. This has also been the case throughout our history – not least in turbulent times, when our long-term perspectives and broad range of financial products and services have enabled us to support our customers and strengthen our business.

Looking at this quarter, we saw a positive contribution from higher interest rates and currency effects, increased demand from corporate customers for credit and risk management, and resumed travelling and consumption. This compensated for the negative effects from lower asset values and slower capital markets activity. Within our Fixed Income, Currencies and Commodities (FICC) business, a strong performance within foreign exchange and commodities offset the more challenging fixed income environment. Hence, our diversified business model is reflected in several different areas. In summary, operating income for the second quarter amounted to SEK 14.4bn, which was a decrease of only 2 per cent quarter-on-quarter. Operating expenses increased to SEK 6.2bn and our cost guidance for 2022 remains unchanged. Return on equity reached 12.3 per cent.

The underlying asset quality remained robust. Net expected credit losses amounted to 6 basis points due to less favourable macroeconomic scenarios. Uncertainty related to higher energy prices, supply chain issues and inflation led to new portfolio overlays while the Covid-19-related ones were released. Given

our macroeconomic outlook, we continue to believe we are well reserved, and therefore net expected credit losses are likely to remain at a low level for the full year. However, if economic growth continues to weaken or if there is a recession, we expect negative credit risk migration.

Our capital and liquidity position remains strong. With a capital buffer of 480 basis points, we believe we are well positioned to support our customers. SEB continued with its second share buyback programme according to plan.

Partnerships to improve the customer experience

As part of our 2030 Strategy, we leverage partnerships and collaboration to accelerate innovation, explore new technologies and enhance our customer offering. By doing so, we strive to rethink how we produce and distribute our products and services, also allowing us to strengthen our capabilities and increase efficiency.

During the quarter we entered into a strategic partnership with the insurance technology company Insurely, to explore the possibilities of further digitalising our insurance offering. In addition, we have entered into a strategic cooperation with fintech company Leneo. Building on its platform and technology, we strive to support our industrial corporate customers in their transition to circular and sustainable business models, through an enhanced Asset-as-a-Service offering. This in turn expands our As-a-Service capabilities, further complementing our Banking-as-a-Service offering provided through SEBx.

Accelerating the energy transition

The war in Ukraine has disrupted global energy markets, and increased focus on how this will impact the climate. The short-term consequences of the current energy crisis are likely to be negative, exemplified by an increase in carbon intensity, whereas the long-term effects are likely to be positive. As dependence on Russian energy supplies becomes less tolerable and the price of fossil fuel remains elevated, the transition to renewable energy sources is expected to accelerate. As an example, annual public and private transition-related investments, including investments focused on renewable energy, are expected to reach USD 1,000bn globally next year and double twice before 2030, according to SEB estimates. As part of our ambition to support this transition, our venture capital unit for investments in green technology – SEB Greentech VC – recently invested in Metry, providing a platform for sustainability data. This startup supports real estate companies with a holistic view of their energy consumption, enabling them to enhance their energy efficiency.

In good times and bad

As the environment in which we are operating changes, many of our customers are facing a more challenging situation. We strive to take a long-term perspective and to support them in both good times and bad. This includes private individuals, corporates and financial institutions. That is how we can continue creating value for all our stakeholders, and positively shape the future, today and for generations to come.



President and CEO



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Income statement on a quarterly basis, condensed

	Q2	Q1	Q4	Q3	Q2
SEK m	2022	2022	2021	2021	2021
Net interest income	7 742	7 062	6 717	6 612	6 468
Net fee and commission income	5 498	5 398	5 885	5 202	5 280
Net financial income	1 154	2 334	1 517	2 119	2 056
Net other income	47	-25	8	38	120
Total operating income	14 441	14 768	14 127	13 971	13 924
Staff costs	-4 017	-3 762	-3 795	-3 862	-3 818
Other expenses	-1 706	-1 543	-1 616	-1 336	-1 467
Depreciation, amortisation and impairment of tangible and intangible assets	-478	-488	-687	-473	-475
Total operating expenses	-6 201	-5 793	-6 097	-5 671	-5 759
Profit before credit losses and imposed levies	8 240	8 974	8 030	8 300	8 164
Net expected credit losses	-399	-535	-299	-49	-7
Imposed levies: Risk tax and resolution fees	-556	-582	-255	-255	-242
Operating profit	7 285	7 857	7 476	7 997	7 916
Income tax expense	-1 443	-1 454	-1 278	-1 363	-1 342
NET PROFIT	5 842	6 403	6 198	6 634	6 574
Attributable to shareholders of Skandinaviska Enskilda Banken AB	5 842	6 403	6 198	6 634	6 574
Basic earnings per share, SEK	2.73	2.98	2.87	3.06	3.04
Diluted earnings per share, SEK	2.71	2.96	2.85	3.04	3.02

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

Key figures

	Q2	Q1	Q2	Jan-Jun		Full year
	2022	2022	2021	2022	2021	2021
Return on equity, %	12.3	13.4	14.7	12.8	14.2	13.9
Return on total assets, %	0.6	0.7	0.8	0.6	0.7	0.7
Return on risk exposure amount, %	2.8	3.2	3.5	3.0	3.4	3.4
Cost/income ratio ¹⁾	0.43	0.39	0.41	0.41	0.42	0.42
Basic earnings per share, SEK	2.73	2.98	3.04	5.70	5.82	11.75
Weighted average number of shares ²⁾ , millions	2 142	2 151	2 165	2 147	2 164	2 164
Diluted earnings per share, SEK	2.71	2.96	3.02	5.66	5.78	11.67
Weighted average number of diluted shares ³⁾ , millions	2 158	2 167	2 180	2 163	2 178	2 179
Net worth per share, SEK	96.96	94.53	91.89	96.96	91.89	98.00
Equity per share, SEK	90.18	86.89	84.79	90.18	84.79	89.61
Average shareholders' equity, SEK bn	189.4	191.7	179.0	191.1	177.1	183.5
Net ECL level, %	0.06	0.08	0.00	0.07	0.01	0.02
Stage 3 Loans / Total Loans, gross, %	0.43	0.42	0.68	0.43	0.68	0.53
Stage 3 Loans / Total Loans, net, %	0.19	0.18	0.30	0.19	0.30	0.22
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	135	122	133	135	133	145
Net Stable Funding Ratio (NSFR) ⁵⁾ , %	110	108	110	110	110	111
<u>Own funds requirement, Basel III</u>						
Risk exposure amount, SEK m	851 025	828 377	754 768	851 025	754 768	787 490
Expressed as own funds requirement, SEK m	68 082	66 270	60 381	68 082	60 381	62 999
Common Equity Tier 1 capital ratio, %	18.6	18.7	21.1	18.6	21.1	19.7
Tier 1 capital ratio, %	20.3	19.7	22.8	20.3	22.8	21.4
Total capital ratio, %	22.0	21.4	23.9	22.0	23.9	23.1
Leverage ratio, %	4.3	4.3	4.8	4.3	4.8	5.0
Number of full time equivalents ⁶⁾	16 277	16 066	15 548	16 079	15 512	15 551
Assets under custody, SEK bn	19 591	21 669	13 607	19 591	13 607	21 847
Assets under management, SEK bn	2 100	2 432	2 401	2 100	2 401	2 682

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

2) At year-end 2021 the number of issued shares was 2,194,171,802 and SEB owned 37,774,605 Class A shares. During the first half of 2022 SEB purchased 4,546,622 shares for the long-term equity programmes and 4,943,011 shares have been sold/distributed. During the first half of 2022 SEB purchased 18,888,483 shares for capital management purposes and 15,449,868 that were held for capital management purposes have been cancelled. Thus, at 30 June 2022 the number of issued shares was 2,178,721,934 SEB owned 40,816,831 Class A-shares with a market value of SEK 4,098m.

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.

Restated comparative figures

On 28 March 2022, SEB published a press release with restated financial information. The changes, that do not affect the group's net profit or capital ratios, are fully reflected throughout this report. See page 46-47 for more information and reconciliation to previously published financial information.

Second quarter

Operating profit decreased by 7 per cent compared with the first quarter to SEK 7,285m (7,857). Year-on-year operating profit decreased by 8 per cent. Net profit amounted to SEK 5,842m (6,403).

Operating income

Total operating income decreased by SEK 327m compared with the first quarter and amounted to SEK 14,441m (14,768). Compared with the second quarter 2021, total operating income increased by 4 per cent.

Net interest income amounted to SEK 7,742m, which represented an increase of 10 per cent compared with the first quarter (7,062) and an increase of 20 per cent year-on-year.

	Q2	Q1	Q2
SEK m	2022	2022	2021
Customer-driven NII	7 001	6 730	6 594
NII from other activities	740	332	-126
Total	7 742	7 062	6 468

Customer-driven net interest income increased by SEK 272m compared with the first quarter. There was a positive effect from deposit volumes and margins combined following the first of two hikes of the Swedish policy rate since the end of the first quarter. Lower lending margins were partly offset by higher lending volumes. The deposit guarantee fees amounted to SEK 101m (101).

Net interest income from other activities increased by SEK 408m compared with the first quarter. The increase relates to Treasury and FICC (Fixed Income, Currencies and Commodities) activities and is mostly due to interest rate and foreign exchange market movements.

Net fee and commission income increased by 2 per cent in the second quarter to SEK 5,498m (5,398). Compared with the second quarter 2021 net fee and commission income increased by 4 per cent.

Given the recent macroeconomic development with a heightened level of global uncertainty, global inflation and higher interest rates customer caution continued. Capital market-related activity slowed further from the already slower first quarter even though mergers and acquisitions activity was resilient. Gross fee income from issuance of securities and advisory services decreased by SEK 12m to SEK 410m. Event-driven financing, however, increased and gross lending fees increased by SEK 190m to SEK 994m.

The high volatility in the financial markets in the first quarter decreased somewhat and gross secondary market and derivatives income decreased by 3 per cent in the second quarter to SEK 544m.

With declining asset values, the gross fee income from custody and mutual funds, excluding performance fees, decreased by SEK 206m to SEK 2,392m compared with the first quarter. Performance fees amounted to SEK 133m (164).

Net payment and card fees increased by SEK 208m to SEK 1,177m. Travel and consumption activity returned and Nordic, especially Swedish, turnover in both corporate and private cards were above the 2019 level.

The net life insurance commissions related to the unit-linked insurance business, where average asset values were lower in the second quarter, amounted to SEK 230m (276).

Net financial income decreased by SEK 1,180m to SEK 1,154m compared with the first quarter. Year-on-year, net financial income decreased by SEK 902m.

Customer demand for risk management services led to a strong performance within foreign exchange and commodities which was offset by the more challenging fixed income area.

There was a significant negative revaluation effect on interest rate and foreign exchange swaps from treasury activities.

The fair value credit adjustment¹) amounted to SEK -76m as credit spreads widened, a decrease of SEK 324m compared with the first quarter.

The market value change of certain strategic holdings amounted to SEK -155m in the second quarter, a negative change of SEK 18m compared to the first quarter.

The first quarter gain of SEK 262m from the finalised sale of shares in the Swedish fintech company Tink also affects the comparison between quarters.

Net financial income from the Life division was fairly stable at SEK 160m (159).

Net other income amounted to SEK 47m (-25). Unrealised valuation and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses amounted to SEK 6,201m (5,793). Total operating expenses increased by 7 per cent from the first quarter and increased by 8 per cent year-on-year.

Staff costs increased by 7 per cent. The number of full-time equivalents increased to 16,277 (16,066). After the annual review process, salaries increased, and social charges relating to the variable remuneration programmes were higher. The increase in other expenses was related to IT investments, consulting costs and business travel. Supervisory fees amounted to SEK 51m (38).

Costs developed broadly according to the business plan for 2022-2024. The cost target for 2022 is outlined on page 13.

Comparative numbers (in parenthesis throughout the report)

Unless otherwise stated:

-the result for the reporting quarter is compared with the prior quarter
-the result for the first six months is compared with the first six months 2021

-business volumes are compared with the prior quarter

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

Net expected credit losses

Net expected credit losses amounted to SEK 399m (535), corresponding to a net expected credit loss level of 6 basis points (8). The net expected credit losses of SEK 399m consisted of increased provisions on a few specific counterparties and effects from less favourable macroeconomic scenarios, while the overall amount of portfolio model overlays was unchanged. The underlying asset quality of the credit portfolio continued to be robust.

For more information on credit risk, asset quality, net expected credit losses and the portfolio model overlays, see further page 10 and notes 10-12.

Imposed levies: Risk tax and resolution fees

Imposed levies amounted to SEK 556m (582). A risk tax on credit institutions was introduced in Sweden as of 1 January 2022. It is applied on credit institutions with a liabilities tax base exceeding SEK 150bn. The tax rate is 0.05 per cent of the tax base for 2022 and 0.06 per cent for 2023. The risk tax for the second quarter amounted to SEK 296m (296). The resolution fees decreased to SEK 260m (287), reflecting an adjustment between accrued and actual cost.

Income tax expense

Income tax expense decreased to SEK 1,443m (1,454) with an effective tax rate of 19.8 per cent (18.5). The increased effective tax rate is mainly explained by a lower result for investments in shares held for business purposes which are exempt from income tax.

Return on equity

Return on equity for the second quarter decreased to 12.3 per cent (13.4).

Other comprehensive income

Other comprehensive income amounted to SEK 1,481m (1,070).

Despite the financial markets decline, the value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees and the change in net value of the defined benefit pension plans affected other comprehensive income by SEK 226m (840). The defined benefit pension obligations decreased when the Swedish discount rate changed from 2.45 to 3.80 per cent in the second quarter. The inflation assumption was changed from 1.5 to 2 per cent.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash flow hedges and translation of foreign operations amounted to SEK 1,235m (196). The Swedish krona depreciated versus the Euro and the US dollar.

The first six months

Operating profit decreased by 2 per cent to SEK 15,142m compared with the first six months 2021 (15,391). *Net profit* amounted to SEK 12,244m (12,591).

Operating income

Total operating income increased by SEK 1,670m compared with the first six months 2021 and amounted to SEK 29,209m (27,539).

Net interest income amounted to SEK 14,804m, which represented an increase of 16 per cent compared with the first six months 2021 (12,768).

SEK m	Jan-Jun		Change
	2022	2021	%
Customer-driven NII	13 731	13 305	3
NII from other activities	1 072	-537	
Total	14 804	12 768	16

Customer-driven net interest income increased by SEK 426m year-on-year. Lending volumes, mainly bridge financing, contributed strongly. To some extent lending margins contributed to the increase. There was a negative effect from deposit volumes and margins combined. The deposit guarantee fees amounted to SEK 202m (175).

Net interest income from other activities (including for instance funding and other treasury activities and trading) improved by SEK 1,610m year-on-year. The majority of the increase derives from internal funds transfer pricing.

Net fee and commission income increased by 8 per cent compared to the first six months of 2021 to SEK 10,895m (10,055).

Event-driven capital market-related activity slowed markedly compared with the first six months 2021. Corporate customers preferred traditional bank financing over issuing own securities. Gross fee income from issuance of securities and advisory services decreased by SEK 103m to SEK 832m. Gross lending fees, on the other hand, mainly event-related, increased by SEK 358m to SEK 1,798m.

Net payment and card fees increased by SEK 532m to SEK 2,146m. Post-Covid payments activity and card usage recovered from last year.

Higher activity in the financial markets year-on-year resulted in an increase of secondary market and derivatives income of 7 per cent in the first six months to SEK 1,105m.

The gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 584m to SEK 4,990m compared with the first six months 2021. Performance fees decreased to SEK 297m (334).

The net life insurance commissions related to the unit-linked insurance business, where average asset values were lower year-on-year, amounted to SEK 506m (581).

Net financial income decreased by SEK 1,111m to SEK 3,488m compared with the first six months 2021.

The fair value credit adjustment¹) amounted to SEK 173m as credit spreads widened, a decrease of SEK 92m compared with the first six months 2021.

The market value change of certain strategic holdings amounted to SEK -291m for the six-month period, a negative change of SEK -619m year-on-year.

The second quarter 2021 a valuation gain from the sale of Tink of SEK 514m was reported. Due to the realised gain of SEK 262m from the sale in the first quarter 2022, the effect was that net financial income from Tink was SEK 252m lower in comparison with last year.

Both the result from trading activities and valuations in the Large Corporate & Financial Institutions division were significantly lower year-on-year and net financial income from the Life division decreased by SEK 179m to SEK 320m.

Net other income amounted to SEK 22m (117). Unrealised valuation and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses amounted to SEK 11,995m (11,477), representing an increase of 5 per cent.

Staff costs increased by 1 per cent. The increase in other expenses was related to IT investments, consulting costs and increased travel. Supervisory fees amounted to SEK 88m (92).

Net expected credit losses

Net expected credit losses increased to SEK 933m (163), corresponding to a net expected credit loss level of 7 basis points (1), due to increased provisions on a few specific counterparties, effects from less favourable macroeconomic scenarios and a net increase in portfolio model overlays.

For more information on credit risk, asset quality, net expected credit losses and the portfolio model overlays, see further page 10 and notes 10-12.

Imposed levies: Risk tax and resolution fees

Imposed levies amounted to SEK 1,138m (509). The risk tax amounted to SEK 591m. The resolution fees rose to SEK 547m (509).

Income tax expense

Income tax expense increased to SEK 2,898m (2,800) with an effective tax rate of 19.1 per cent (18.5). The increased effective tax rate is mainly explained by a lower result for investments in shares held for business purposes which are exempt from income tax.

Return on equity

Return on equity for the first six months decreased to 12.8 per cent (14.2).

Other comprehensive income

Other comprehensive income amounted to SEK 2,551m (8,319). The change in net value of the defined benefit pension plans affected other comprehensive income by SEK 1,066m (8,022). Given the strong stock market development in 2021, pension plan assets values increased. At the same time, the pension obligation decreased in line with a higher discount rate. In 2022, asset values decreased which lowered other comprehensive income.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash flow hedges and translation of foreign operations amounted to SEK 1,431m (295).

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.*

Business volumes

Total assets as of 30 June 2022 amounted to SEK 4,113bn, representing an increase of SEK 346bn from the end of the first quarter (3,766).

Loans

SEK bn	30 Jun	31 Mar	31 Dec
	2022	2022	2021
General governments	17	17	17
Financial corporations	107	101	101
Non-financial corporations	987	955	900
Households	716	710	704
Collateral margin	75	48	44
Reverse repos	93	100	81
Loans to the public	1 995	1 931	1 846

Loans to the public increased by SEK 64bn in the second quarter.

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

Deposits and borrowings

SEK bn	30 Jun	31 Mar	31 Dec
	2022	2022	2021
General governments	43	43	20
Financial corporations	638	570	368
Non-financial corporations	783	675	673
Households	461	443	439
Collateral margin	115	100	88
Repos	33	23	8
Registered bonds	0	0	1
Deposits and borrowings from the public	2 073	1 854	1 597

Deposits and borrowings from the public increased by SEK 219bn in the second quarter to SEK 2,073bn (1,854). The currency effect increased deposits by SEK 37bn. The 2021 trend that both non-financial and financial corporations as well as households chose bank accounts as a safe investment alternative continued in 2022. In addition, short-term event-driven deposits amounting to around SEK 60bn are part of the balance.

Debt securities

Debt securities increased by SEK 4bn to SEK 342bn in the second quarter. The securities are short-term in nature and have a high credit worthiness.

Assets under management and custody

Total *assets under management* amounted to SEK 2,100bn (2,432). The market value moved with the equity markets and decreased by SEK 293bn during the quarter (230). The net outflows of assets under management amounted to SEK 39bn (20) including SEK 12.7bn that were transferred to Ringkjøbing Landbobank in connection with a new strategic partnership. Institutional investors reviewed and adjusted their investment strategies.

Assets under custody amounted to SEK 19,591bn given the decreasing asset values (21,669).

Risk and capital

SEB's business is exposed to many different types of risks. The risk composition of the group, as well as the related risk, liquidity and capital management, are described in SEB's Annual and Sustainability Report for 2021 (see page 86-91 and notes 40 and 41), in the Capital Adequacy and Risk Management Report for 2021 as well as the quarterly additional Pillar 3 disclosures. Further information is available in the Fact Book that is published quarterly.

Credit risk and asset quality

SEK bn	30 Jun	31 Mar	31 Dec
	2022	2022	2021
Banks	130	116	102
Corporates	1 589	1 513	1 473
Commercial real estate management	197	191	188
Residential real estate management	145	149	152
Housing co-operative associations Sweden	73	74	74
Public administration	81	81	83
Household mortgage	689	684	670
Household other	87	86	86
Total credit portfolio	2 992	2 896	2 828

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 96bn in the second quarter to SEK 2,992bn (2,896). The corporate credit portfolio increased by SEK 76bn, mainly due to the weaker Swedish krona against the Euro and, in particular, US dollar, and a modest underlying credit demand. Part of the bridge facilities made in the past quarters were repaid according to plan. The real estate management portfolios, including housing co-operative associations, and household mortgages were more or less flat.

Asset quality indicators such as past due loans continued to be largely unchanged during the quarter. Currency effects led to higher gross exposures and ECL allowances in all stages. Credit-impaired loans (gross loans in stage 3) was more or less stable at SEK 8.8bn (8.3), corresponding to 0.43 per cent of total loans (0.42), as write-offs were offset by an increase from currency effects. Stage 1 and 2 ECL allowances increased from macroeconomic scenario updates and redistribution of portfolio model overlays. See net expected credit loss comment on page 8.

Notes 10-12 provide a more detailed breakdown of SEB's loan portfolio by industry and asset quality as well as corresponding ECL allowances. The Fact book provides a breakdown of SEB's credit portfolio and lending portfolio by industry and geography.

Market risk

Market volatility, especially related to the higher interest rates and widening credit spreads, led to increased market risk. As of the second quarter 2022, average VaR in the regulatory trading book amounted to SEK 217m (159). The group does not expect to lose more than this amount, on average, during a period of ten trading days with 99 per cent probability. SEB's business model is mainly driven by customer demand.

Liquidity and funding

SEB maintained a strong and diversified liquidity and funding position in the quarter. The loan-to-deposit ratio was 93 per cent per 30 June 2022 (100).

SEB's long-term funding need continued to be mainly regulatory-driven. Despite volatile financial markets during the quarter, SEB continued to issue long-term funding at satisfactory terms and with high investor demand. New issuance amounted to SEK 36bn, of which SEK 9bn in covered bonds, SEK 22bn in senior debt and SEK 5bn subordinated debt (additional Tier 1 capital). SEK 16bn of long-term funding matured, of which SEK 5bn subordinated debt was redeemed, while covered bonds constituted the majority of the remaining part.

Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 20bn.

Liquid assets defined according to the liquidity coverage ratio (LCR) requirements amounted to SEK 1,152bn at 30 June 2022 (945) and the LCR was 135 per cent (122).

The net stable funding ratio (NSFR) requirement is that stable funding shall be at least 100 per cent of illiquid assets. Per 30 June 2022, SEB's NSFR was 110 per cent (108).

Rating

Fitch rates SEB's long-term senior unsecured debt at AA– with stable outlook. The rating is based on SEB's low risk appetite, stable and well-executed strategy, and robust asset quality and capitalisation. The rating was affirmed in July 2022.

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

S&P rates SEB's long-term senior unsecured debt at A+ with stable outlook. The rating is based on the stable and low-risk operating environment in Sweden, the bank's stable and well-diversified revenue base and leading position among large Nordic corporates, robust capitalisation and resilient earnings, despite expected increasing pressure on revenues and asset quality in the economic environment. The rating was affirmed in July 2022.

Risk exposure amount

The total risk exposure amount (REA) increased by SEK 23bn to SEK 851bn during the second quarter.

Foreign exchange movements was the main contributor, which due to the weakening Swedish krona increased credit risk REA by SEK 22bn. An improvement in asset quality that decreased REA was offset by an increase in asset size. Market risk REA increased by SEK 2bn while operational risk REA

remained largely unchanged and there were no model and methodology updates during the quarter.

SEK bn	
Balance 31 Mar 2022	828
Underlying credit risk change	20
- whereof asset size	2
- whereof asset quality	-4
- whereof foreign exchange movements	22
Underlying market risk change	2
- whereof CVA risk	1
Underlying operational risk change	0
Model updates, methodology & policy, other	0
- whereof credit risk	0
Balance 30 Jun 2022	851

Capital position

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

Own funds requirement, Basel III	30 Jun	31 Mar	31 Dec
	2022	2022	2021
Risk exposure amount, SEK bn	851	828	787
Common Equity Tier 1 capital ratio, %	18.6	18.7	19.7
Tier 1 capital ratio, %	20.3	19.7	21.4
Total capital ratio, %	22.0	21.4	23.1
Leverage ratio, %	4.3	4.3	5.0

SEB's Common Equity Tier 1 (CET1) capital ratio of 18.6 per cent was largely unchanged compared to the previous quarter (18.7), as an increase in REA largely was offset by the quarterly net profit after deduction for dividend.

A full deduction from CET1 capital of SEK 2.5bn for the second share buyback programme announced on 22 March 2022 was made in the first quarter. The share buyback programme runs through 24 October 2022. During the period 23 March to 30 June 2022, 9.5m Class A shares were repurchased at around SEK 1bn. In the second quarter, 15.4m Class A shares repurchased under the first share buyback programme were cancelled. See further page 23.

SEB's applicable CET1 capital requirement and Pillar 2 guidance (P2G) per the end of the second quarter was 13.8 per cent (13.8). SEB's target is to have a buffer of 100 to 300 basis points above the capital requirement. The buffer shall cover sensitivity to currency fluctuations in REA, changes in the net value of the Swedish defined benefit pension plan as well as general macroeconomic uncertainties. The buffer is currently approximately 480 basis points (490).

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

Internally assessed capital requirement

As per 30 June 2022, the internally assessed capital requirement, including insurance risk, amounted to SEK 104bn (106). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the SFSA due to differences in assumptions and methodologies.

The internally assessed capital requirement for the parent company was SEK 86bn (84).

Business development

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

Acceleration of efforts

SEB's ambition is to be a leading catalyst in the *sustainable transition* by financing and investing in the transition as well as transforming our own business. The Life division invested about SEK 600m of capital from the traditional life insurance portfolio in two sustainable private equity funds, EQT Future, which invests in companies with transition potential from both a climate and social perspective, and Course Corrected VC, the first Nordic climate-focused venture capital fund. In this way, SEB's pension capital supports the sustainable transition while also offering an opportunity to generate good returns in the long term for our pension customers.

In line with the goal to offer sustainable investment opportunities, SEB Investment Management started two new Article 9-classified funds and three new external Article 9-funds were added to the Swedish unit-linked offering.

Through SEB Greentech Venture Capital, SEB invests in companies with transformative ideas that can have a substantial impact in reducing greenhouse gas emissions or in preventing transgression of the planetary boundaries. A fifth investment, acquiring a part ownership stake in Metry, a Swedish company that collects data for sustainability reporting and more efficient energy use of buildings, was made.

SEB's own efforts to transform its business include a strengthened sustainability policy framework, by launching new sector policies on Transportation and Agriculture, and broadening the scope of the thematic policies on Environmental and Social & Human Rights. These efforts laid the ground for a significant improvement in Fair Finance Guide's assessment of Swedish banks' sustainability-related principles and guidelines. SEB moved from last to second place among the large banks.

Strategic change

An important milestone on the *accelerated digitalisation* of our retail banking offering was the launch of the next generation of the internet bank for retail customers in Sweden, including a new design and user experience enhancements. This is a necessary step to secure the future of our internet bank from a technical perspective. Also, the corporate internet banking hub, Business Arena, reached the milestone of now being the main point of entry for corporate customers in Sweden.

The private mobile app was enhanced with digital financial advice and investment and savings inspiration, digital agreements and further improvements in the functionality of managing meetings in the digital channels. A customer pension and insurance dashboard was launched in the Baltic countries, providing customers with a fully digital self-service platform

with an improved visual overview of their savings and insurance.

The *Private Wealth Management & Family Office* division's strategy is to expand in the Nordic countries, strengthen international reach and establish SEB as a leading partner for professional family offices. SEB entered into a strategic partnership with Ringkjøbing Landbobank, strengthening the presence in the Danish private wealth management market. Important steps were taken to establish the representative office in Nice to support Nordic home market customers residing or investing in the Mediterranean region and key recruitments were made to the professional family office business in the Nordic countries and Germany.

SEB's *innovation studio SEBx* explored opportunities within Banking-as-a-Service and announced its first external customer, Humla, a fintech startup within the Swedish retail group Axel Johnson.

Strategic partnerships

In our ambition to rethink how we produce and distribute our products and services, several strategic partnerships were initiated. Through a cooperation agreement with the accounting firm Aspia, SEB can support small and medium sized enterprises by, for example, integrating accounting and tax services with SEB's banking services. Through the strategic partnership with the Swedish insurtech company Insurely, SEB will explore the possibilities of further digitalising our insurance offering to customers.

We have also entered into a strategic co-operation with Danish fintech company Leneo, by acquiring a part ownership stake through SEB Venture Capital. Through its Asset-as-a-Service technology, Leneo enables manufacturing companies to shift to more circular business models, moving from selling machinery, equipment or other products to leasing them to end customers and charging for usage and value created. SEB Venture Capital also invested in Swedish Lysa, one of Europe's fastest-growing automated savings platforms. The investment is mainly made to support Lysa's growth and international expansion, reflecting our commitment to support and leverage innovation in the fintech ecosystem.

Last but not least, SEB has now launched Apple Pay to all its Nordic and Baltic retail customers.

Efficiency improvements

Automation and efficiency improvements continued. Some notable deliveries included further automation of the internal financial reporting process and a new delivery model for group-wide workplace services to improve technology and quality.

The first transactions have been made on SEB's new global payment platform, an important milestone toward a more modern and efficient payment infrastructure for SEB.

A new group-wide data and analytics function was established to improve data governance and coordinate prioritisation and delivery across SEB.

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.

Financial aspirations for the divisions

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

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

Business plan 2022-2024 and cost target

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

The target entails growing the business in a capital-efficient manner to reach the long-term financial targets. In the short-term, the cost target for 2022 is SEK 24.5bn, assuming 2021 FX-rates. With the 30 June 2022 foreign exchange rates, the implied cost target for 2022 is SEK 24.9bn. Towards the end of the business plan period, the plan is to be within the long-term capital target of 100-300 basis points above the regulatory requirement. During 2022 the plan is to distribute between SEK 5-10bn through share buybacks, subject to market conditions. All of this is with the overall ambition to grow earnings per share and reach the long-term aspirational target of 15 per cent return on equity.

Impact from exchange rate fluctuations

The currency effect increased operating profit for the second quarter by SEK 162m.

Compared with the first quarter, the weaker Swedish krona increased loans to and deposits from the public by SEK 30bn and SEK 37bn, respectively, while total REA increased by SEK 22bn and the increase of total assets was SEK 64bn.

Uncertainties

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

As the Covid-19 pandemic subsided, the heightened level of global uncertainty prevailed driven by Russia's war in Ukraine, the energy crisis and continued supply-chain disruptions. Continuously increasing global inflationary pressure and higher interest rates also contributed.

Inflation risks caused most central banks to take or plan to make monetary intervention. On 28 April 2022, the Executive Board of the Swedish central bank announced its decision to increase the policy rate to 0.25 per cent and at 30 June 2022 the policy rate was increased to 0.75 per cent. The Swedish central bank expects the policy rate to be close to 2 per cent by the beginning of 2023. The interest rate levels are key factors affecting SEB's net interest income and operating profit. Financial markets have started to price in interest rate cuts as early as the first half of 2023, indicating an increased concern of a recession in Europe and the United States.

With a deteriorated macroeconomic outlook, financial institutions may be affected in terms of funding availability and financial markets volatility may increase. Such volatility may in turn adversely impact fair values of certain financial instruments and holdings, and consequently, net financial income and capital.

While SEB's direct exposure to Russia and Ukraine is small, the negative global macroeconomic effect may have implications on SEB's asset quality and asset values may deteriorate. SEB continuously assesses the asset quality of its credit portfolio using several different economic scenarios.

The Swedish Pensions Agency has made a claim for damages against SEB in its capacity as depositary for the fund company Gustavia Davegårdh Fonder's investment funds. The claim amounts to just over SEK 470m excluding interest and relates to transactions carried out in 2012. The Swedish Pensions Agency is of the opinion that SEB has failed in its controlling responsibilities in relation to these transactions. The claim has been made against SEB without any prior communication with the bank. SEB is of the opinion that the bank has fulfilled its duties as depositary in regards to these transactions and that the bank has no liability for damages, and has disputed the claim in a letter to the Swedish Pensions Agency. No provision has been recognised in accordance with accounting regulations.

Business segments

Income statement by segment

Jan-Jun 2022, SEK m	Large	Corporate &	Private						
	Corporates & Financial Institutions	Corporate & Private Customers	Family Office	Private Wealth Mgmt &	Baltic	Life	Investment Management	Group Functions	Eliminations
Net interest income	6 231	5 609	504	1 661	-9	-6	817	-4	14 804
Net fee and commission income	3 797	2 318	795	903	1 267	1 727	108	-20	10 895
Net financial income	2 126	265	35	216	320	42	506	-23	3 488
Net other income	13	8	2	8	4	2	-13	-2	22
Total operating income	12 167	8 201	1 336	2 788	1 581	1 765	1 419	-49	29 209
Staff costs	-2 251	-1 443	-362	-602	-350	-281	-2 490	1	-7 779
Other expenses	-2 708	-2 050	-415	-376	-327	-380	2 958	48	-3 249
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-36	-1	-43	-10	-6	-853		-966
Total operating expenses	-4 975	-3 529	-778	-1 021	-688	-667	-385	49	-11 995
Profit before credit losses and imposed levies	7 191	4 672	559	1 767	894	1 098	1 034		17 214
Net expected credit losses	-658	-285	-9	10	0	0	8	1	-933
Imposed levies: Risk tax and resolution fees	-636	-420	-33	-31		-1	-17	0	-1 138
Operating profit	5 898	3 966	516	1 746	893	1 097	1 024	1	15 142

Jan-Jun 2021, SEK m	Large	Corporate &	Private						
	Corporates & Financial Institutions	Corporate & Private Customers	Family Office	Private Wealth Mgmt &	Baltic	Life	Investment Management	Group Functions	Eliminations
Net interest income	5 366	5 742	484	1 495	-13	-8	-266	-31	12 768
Net fee and commission income	3 438	1 963	671	795	1 317	1 747	144	-20	10 055
Net financial income	2 535	224	25	168	499	4	1 167	-24	4 599
Net other income	-6	9	3	5	32	2	74	-3	117
Total operating income	11 333	7 939	1 183	2 463	1 835	1 745	1 119	-77	27 539
Staff costs	-2 025	-1 515	-305	-415	-348	-263	-2 845	1	-7 715
Other expenses	-2 501	-1 818	-358	-535	-324	-371	3 018	77	-2 811
Depreciation, amortisation and impairment of tangible and intangible assets	-34	-41	-2	-16	-10	-5	-842		-951
Total operating expenses	-4 560	-3 374	-665	-965	-683	-639	-669	77	-11 477
Profit before credit losses and imposed levies	6 773	4 565	518	1 498	1 153	1 106	451	0	16 062
Net expected credit losses	-236	-3	-7	85	0	0	-1	-2	-163
Imposed levies: Risk tax and resolution fees	-297	-160	-10	-31		-1	-10		-509
Operating profit	6 240	4 402	500	1 552	1 153	1 106	440	-2	15 391

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

Large Corporates & Financial Institutions

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

Income statement

SEK m	Q2			Q1			Q2			Jan–Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Net interest income	3 264	2 967	10	2 664	23	6 231	5 366	16	10 578				
Net fee and commission income	2 007	1 790	12	1 907	5	3 797	3 438	10	7 189				
Net financial income	961	1 165	-18	1 035	-7	2 126	2 535	-16	4 743				
Net other income	-28	41		43		13	-6		22				
Total operating income	6 203	5 963	4	5 649	10	12 167	11 333	7	22 532				
Staff costs	-1 132	-1 119	1	-995	14	-2 251	-2 025	11	-4 115				
Other expenses	-1 383	-1 325	4	-1 262	10	-2 708	-2 501	8	-5 106				
Depreciation, amortisation and impairment of tangible and intangible assets	-7	-10	-31	-17	-61	-16	-34	-52	-64				
Total operating expenses	-2 522	-2 453	3	-2 274	11	-4 975	-4 560	9	-9 286				
Profit before credit losses and imposed levies	3 681	3 510	5	3 375	9	7 191	6 773	6	13 247				
Net expected credit losses	-262	-396	-34	-64		-658	-236	179	-660				
Imposed levies: Risk tax and resolution fees	-314	-322	-3	-141	122	-636	-297	114	-594				
Operating profit	3 105	2 792	11	3 171	-2	5 898	6 240	-5	11 993				
Cost/Income ratio	0.41	0.41		0.40		0.41	0.40		0.41				
Business equity, SEK bn	74.3	69.4		65.3		71.9	64.5		64.6				
Return on business equity, %	12.9	12.4		15.0		12.6	14.9		14.3				
FTEs, present ¹⁾	2 188	2 208		2 072		2 193	2 037		2 076				

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

- Increased lending demand among large corporates driven by volatile and more expensive capital markets
- Growing interest in rebalancing and hedging products among institutional clients
- Operating profit amounted to SEK 3,105m and return on business equity was 12.9 per cent

Comments on the second quarter

Inflationary pressure, tighter monetary policies and volatility put pressure on already restrained capital markets in an otherwise solid quarter for the division. Corporate lending activity picked up in the quarter while project and infrastructure financing activity remained robust.

Within the *large corporate* customer segment, focus on integration of environmental, social and governance considerations in their strategies continued. The uncertain markets led to muted activity in the primary market with fewer transactions in the equity capital markets whereas mergers and acquisitions activity showed more resilience. In the latter part of the quarter bridge financing facilities started to be repaid, as previously communicated. Customer demand for risk management services continued to be strong on the back of volatile markets and elevated energy prices.

Within the *financial institutional* customer segment, activity in fixed income products remained subdued, partly reflecting the less vibrant primary market activity. On the other hand, the heightened market volatility resulted in strong demand for foreign exchange hedges and equities financing. Despite the

uncertain macro environment, focus centred to a large extent on the strategic agenda, with a continued increased interest in alternative asset classes.

Assets under custody declined and amounted to SEK 19,591bn (21,669) mainly as a consequence of decreasing asset values.

Operating profit amounted to SEK 3,105m. Net interest income increased by 10 per cent, partly driven by the bridge financing from preceding quarters, and due to interest rate and foreign exchange market movements. Net fee and commission income increased by 12 per cent, predominantly driven by the continued robust private equity activity. Net financial income decreased by 18 per cent where higher demand for currency and commodity products was counteracted by lower fixed income activity. Operating expenses increased by 3 per cent. Net expected credit losses decreased to SEK 262m, with a net expected credit loss level of 8 basis points. See page 8.

Corporate & Private Customers

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

Income statement

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	
Net interest income	2 878	2 730	5	2 793	3	5 609	5 742	-2	11 115	
Net fee and commission income	1 253	1 065	18	1 008	24	2 318	1 963	18	4 183	
Net financial income	139	127	9	109	27	265	224	19	465	
Net other income	6	3	86	3	116	8	9	-11	15	
Total operating income	4 276	3 925	9	3 913	9	8 201	7 939	3	15 778	
Staff costs	-735	-708	4	-750	-2	-1 443	-1 515	-5	-2 944	
Other expenses	-1 030	-1 019	1	-922	12	-2 050	-1 818	13	-3 733	
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-20	-23	-21	-24	-36	-41	-12	-270	
Total operating expenses	-1 782	-1 748	2	-1 693	5	-3 529	-3 374	5	-6 947	
Profit before credit losses and imposed levies	2 495	2 177	15	2 220	12	4 672	4 565	2	8 830	
Net expected credit losses	-138	-147	-6	41		-285	-3		-66	
Imposed levies: Risk tax and resolution fees	-208	-212	-2	-78	166	-420	-160	162	-321	
Operating profit	2 149	1 818	18	2 183	-2	3 966	4 402	-10	8 444	
Cost/Income ratio	0.42	0.45		0.43		0.43	0.43		0.44	
Business equity, SEK bn	45.2	44.9		43.6		45.1	43.2		44.0	
Return on business equity, %	14.6	12.5		15.4		13.6	15.7		14.8	
FTEs, present ¹⁾	3 243	3 196		3 293		3 205	3 338		3 281	

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

- Higher net interest income explained by improved deposit margins
- Recovery within the card business continued
- Operating profit amounted to SEK 2,149m and return on business equity was 14.6 per cent

Comments on the second quarter

With the rapid change in interest rates and macroeconomic outlook there was an increased demand for financial advice from customers. This had a positive impact on customer satisfaction in advisory services, as measured by Net Promoter Score (NPS), which increased for both corporate and private customers.

In the *corporate customer segment*, the net inflow of full-service customers continued. During the quarter, lending volumes increased due to growth in corporate and card lending while real estate lending volumes continued to decline. Overall, corporate lending increased by SEK 5bn to SEK 294bn (289). Corporate deposits increased in the quarter while the assets under management declined due to falling asset values, but was supported by another quarter of inflows, albeit small.

Among *private customers*, growth in household mortgage volumes slowed as price competition increased. SEB had a more conservative approach. Mortgage volumes were stable and amounted to SEK 560bn (560). Increased market uncertainty resulted in net outflows among private customers and with declining stock markets assets under management

declined during the quarter. Deposit volumes increased at a pace in line with seasonal expectations, especially tax repayments.

In total, lending volumes increased by SEK 5bn to SEK 874bn. Deposit volumes grew by SEK 11bn and amounted to SEK 494bn.

The operating profit amounted to SEK 2,149m. Net interest income increased by 5 per cent explained by increasing margin on deposits following higher interest rates while lending margins declined. Net fee and commission income increased by 18 per cent compared to the first quarter mainly due to the continued recovery of the card business. Turnover in both corporate and private cards were above the 2019 level during the quarter. Total operating expenses amounted to SEK 1,782m, an increase by 2 per cent compared to last quarter. Net expected credit losses amounted to SEK 138m, with a net expected credit loss level of 5 basis points in the second quarter. See page 8.

Private Wealth Management & Family Office

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

Income statement

SEK m	Q2			Q1			Q2			Jan–Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Net interest income	287	217	33	228	26	504	484	4	881				
Net fee and commission income	366	429	-15	357	3	795	671	19	1 401				
Net financial income	17	18	-1	14	27	35	25	37	64				
Net other income	1	1	46	1	-12	2	3	-31	9				
Total operating income	672	664	1	600	12	1 336	1 183	13	2 354				
Staff costs	-180	-181	-1	-150	20	-362	-305	18	-668				
Other expenses	-209	-206	1	-172	22	-415	-358	16	-714				
Depreciation, amortisation and impairment of tangible and intangible assets	-1	-1	-9	-2	-73	-1	-2	-49	-4				
Total operating expenses	-389	-388	0	-324	20	-778	-665	17	-1 386				
Profit before credit losses and imposed levies	283	276	2	276	2	559	518	8	968				
Net expected credit losses	-10	1		2		-9	-7	36	-4				
Imposed levies: Risk tax and resolution fees	-16	-17	-3	-5		-33	-10		-21				
Operating profit	256	260	-2	272	-6	516	500	3	944				
Cost/Income ratio	0.58	0.58		0.54		0.58	0.56		0.59				
Business equity, SEK bn	3.7	3.4		3.2		3.6	3.1		3.1				
Return on business equity, %	21.4	23.3		26.6		22.3	24.6		23.1				
FTEs, present ¹⁾	452	449		402		451	404		412				

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

- Strong inflow of customers
- High demand for investment and lending advisory services
- Operating profit amounted to SEK 256m and return on business equity was 21.4 per cent

Comments on the second quarter

The second quarter was characterised by negative stock market development, increased financial uncertainty and inflation. In this environment, customers' demand for investment and lending advisory services remained at a high level and customers also sought continuous market information updates. The number of customers increased in all geographical locations where services are offered.

SEB entered into a strategic partnership with Ringkjøbing Landbobank, strengthening the presence in the Danish private wealth management market.

The new customers contributed to positive net flows in assets under management during the quarter. The strategic partnership with Ringkjøbing Landbobank reduced assets under management by SEK 12.7bn. Excluding this effect, net sales, including deposits, amounted to SEK 17.8bn. However, assets under management decreased by 18 per cent

compared to the end of the first quarter due to lower market values explained by the overall stock market development during the quarter.

Lending volumes increased by SEK 2bn to SEK 72bn. Deposit volumes increased by SEK 13bn to SEK 142bn, to some extent driven by customers reducing risk by exiting equity investments and mutual funds.

The operating profit amounted to SEK 256m. Net interest income increased by 33 per cent driven by lending volume growth and positive deposit margins. Net fee and commission income decreased by 15 per cent, mainly explained by the asset under management development and less activity-driven income. Total operating expenses amounted to SEK 389m, in line with the first quarter. Net expected credit losses amounted to SEK 10m. See page 8.

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	Q2			Q1			Q2			Jan–Jun			Full year
	2022	2022	%	2021	%	2021	%	2022	2021	%	2021		
Net interest income	854	808	6	751	14	1 661	1 495	11	3 043				
Net fee and commission income	455	448	2	423	8	903	795	14	1 695				
Net financial income	49	167	-71	90	-46	216	168	29	345				
Net other income	4	3	29	2	126	8	5	46	12				
Total operating income	1 362	1 426	-4	1 267	8	2 788	2 463	13	5 096				
Staff costs	-320	-282	14	-220	46	-602	-415	45	-882				
Other expenses	-183	-192	-5	-268	-32	-376	-535	-30	-1 105				
Depreciation, amortisation and impairment of tangible and intangible assets	-21	-22	-5	-8	165	-43	-16	173	-30				
Total operating expenses	-525	-496	6	-496	6	-1 021	-965	6	-2 017				
Profit before credit losses and imposed levies	837	929	-10	771	9	1 767	1 498	18	3 079				
Net expected credit losses	9	0		19	-51	10	85	-89	216				
Imposed levies: Risk tax and resolution fees	-15	-16	-7	-13	13	-31	-31	0	-62				
Operating profit	832	914	-9	777	7	1 746	1 552	12	3 233				
Cost/Income ratio	0.39	0.35		0.39		0.37	0.39		0.40				
Business equity, SEK bn	13.1	13.2		12.4		13.1	12.3		12.3				
Return on business equity, %	21.6	23.5		21.4		22.6	21.5		22.3				
FTEs, present ¹⁾	2 906	2 843		2 196		2 851	2 200		2 196				

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

- Private and corporate lending growth coupled with flat deposit development
- Sanction impact lower than expected for corporate clients while inflation impacts all customer segments negatively
- Operating profit amounted to SEK 832m and return on business equity was 21.6 per cent

Comments on the second quarter

Economic activity remained strong despite the war in Ukraine and inflation rates amongst the highest in the Euro area.

Exports to Russia and Belarus dropped significantly but were somewhat cushioned by the strong demand in other export markets. The economic dependence on Russia, Belarus and Ukraine is mainly limited to a few sectors and import goods, and therefore the sanctions have not had a direct material effect.

However, widespread inflation led by energy products and supply-chain shortages impacted manufacturing and other energy-intensive sectors causing higher prices on consumer goods and services. Despite the continued tight labour market driving wage growth, household consumption was impacted negatively as inflation grew faster than disposable income. The services sector continued to benefit from the lifting of pandemic restrictions which, together with higher inflation, led to a lower level of household savings growth than was observed throughout the pandemic. Residential property prices continued to climb.

Lending volumes to both private and corporate customers increased by 2 per cent in local currency during the quarter

and amounted to SEK 170bn (161). Deposits from corporate customers decreased for the first time in two years and, together with lower growth in household savings contributed to a flat development in local currency to SEK 211bn (204).

Operating profit amounted to SEK 832m. The currency effect on the result this quarter was small. Net interest income increased by 6 per cent, due to increased lending volumes and lower costs for excess liquidity. Net fee and commission income increased by 2 per cent, due to the higher consumer activity in cards following the lifting of pandemic restrictions. Net financial income decreased by 71 per cent due mainly to lower market values of interest rate swaps in the liquidity and banking books as well as a normalised level of customer activity in foreign exchange compared to when the war broke out. Operating expenses increased by 6 per cent due to the annual salary review which reflected the inflation and an increased number of employees. Net expected credit losses were positive at SEK 9m. See page 8.

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	Q2			Q1			Q2			Jan–Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Net interest income	-5	-4	36	-7	-19	-9	-13	-30	-27				
Net fee and commission income	597	670	-11	668	-11	1 267	1 317	-4	2 788				
Net financial income	160	159	1	238	-33	320	499	-36	1 044				
Net other income	-2	6		30		4	32	-88	48				
Total operating income	750	831	-10	929	-19	1 581	1 835	-14	3 853				
Staff costs	-182	-168	8	-167	9	-350	-348	1	-690				
Other expenses	-162	-165	-2	-159	2	-327	-324	1	-667				
Depreciation, amortisation and impairment of tangible and intangible assets	-5	-5	-9	-5	-6	-10	-10	1	-20				
Total operating expenses	-349	-339	3	-332	5	-688	-683	1	-1 377				
Profit before credit losses and imposed levies	401	492	-18	597	-33	894	1 153	-22	2 476				
Net expected credit losses	0	0		0		0	0		0				
Imposed levies: Risk tax and resolution fees													
Operating profit	401	492	-18	598	-33	893	1 153	-23	2 476				
Cost/Income ratio	0.46	0.41		0.36		0.43	0.37		0.36				
Business equity, SEK bn	5.2	5.3		5.2		5.2	5.3		5.3				
Return on business equity, %	28.7	34.7		42.8		31.8	40.4		43.7				
FTEs, present ¹⁾	855	844		870		848	857		853				

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

- High customer activity within Swedish occupational pension
- Continued market uncertainty affected performance
- Operating profit amounted to SEK 401m and return on business equity was 28.7 per cent

Comments on the second quarter

The volatility in the financial markets continued and affected asset values and operating profit of the division negatively.

Rising interest rates and continued falling global equity markets affected market returns, resulting in assets under management decreasing by 9 per cent compared to the previous quarter. Advisory activity was at normal levels, where customers in general chose not to reallocate their investments despite the changes in the savings environment.

Total assets under management for both the traditional and unit-linked insurance decreased to SEK 425bn (465). Unit-linked assets represented SEK 351bn (387) of total assets under management.

Sales volumes remained strong where corporate customer interest in Swedish occupational pension continued. The portfolio bond product also maintained stable sales quarter-on-quarter, and risk insurance sales increased somewhat.

The savings market dropped due to the financial market situation. SEB's market share changed to a second position in

the Swedish life insurance market, amounting to 13.5 per cent¹⁾.

Baltic sales were stable, however challenged by outflows, partly resulting from the Estonian pension reform launched last year. Unit-linked sales as well as sales of risk insurance products are improving compared to the first quarter.

Operating profit decreased to SEK 401m, mainly a result of the adverse development in the financial markets. Net fee and commission income decreased by 11 per cent, driven by decreased asset values in the unit-linked business, combined with continuing margin pressure. Net financial income increased by 1 per cent compared to the first quarter.

Volatility in equity and interest markets affected income from the traditional portfolios. Income from risk insurance products increased compared to the first quarter. Operating expenses increased by 3 per cent.

Decreasing returns in the Swedish traditional portfolios led to a lowering of the bonus rate in the Swedish traditional portfolios from 4 to 3 per cent as of June 1.

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

Investment Management

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

Income statement

SEK m	Q2			Q1			Q2			Jan–Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Net interest income	-2	-4	-61	-4	-59	-6	-8	-32	-19				
Net fee and commission income	805	922	-13	845	-5	1 727	1 747	-1	3 620				
Net financial income	13	29	-56	-8		42	4		28				
Net other income	1	1	-24	1	-37	2	2	-18	5				
Total operating income	817	948	-14	835	-2	1 765	1 745	1	3 633				
Staff costs	-144	-137	5	-132	9	-281	-263	7	-544				
Other expenses	-191	-190	0	-189	1	-380	-371	3	-729				
Depreciation, amortisation and impairment of tangible and intangible assets	-3	-3	-4	-2	10	-6	-5	12	-11				
Total operating expenses	-337	-330	2	-323	5	-667	-639	4	-1 283				
Profit before credit losses and imposed levies	480	618	-22	512	-6	1 098	1 106	-1	2 350				
Net expected credit losses	0	0		0		0	0		0				
Imposed levies: Risk tax and resolution fees	0	0		0		-1	-1	1	-1				
Operating profit	480	618	-22	512	-6	1 097	1 106	-1	2 349				
Cost/Income ratio	0.41	0.35		0.39		0.38	0.37		0.35				
Business equity, SEK bn	2.5	2.4		2.4		2.5	2.4		2.4				
Return on business equity, %	60.1	79.2		66.9		69.6	71.7		76.1				
FTEs, present ¹⁾	254	255		248		253	254		252				

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

- Macroeconomic and geopolitical factors impacted the business negatively
- Lower general market values impacted assets under management and net sales were negative
- Operating profit amounted to SEK 480m and return on business equity was 60.1 per cent

Comments on the second quarter

Macroeconomic and geopolitical factors led to a negative market environment with higher interest rates, inflation and falling stock prices. This had a large effect on the assets under management during the quarter. Assets under management decreased by SEK 129bn to SEK 1,085bn in total (1,215). Net sales were negative and amounted to SEK -37bn with outflows in most asset classes but mainly in fixed income. Investors adjusted their investment strategies for the higher market interest rates.

For SEB Investment Management the lower market valuations in the financial markets affected the assets under management for SEB labelled mutual funds which decreased by SEK 71bn during the quarter to SEK 688bn (759). There were large negative effects in all asset classes with the exception of alternative investment funds which increased slightly due to positive net sales as customers sought new options.

SEB-labelled mutual funds classified in line with Article 8 and 9¹⁾ in the Sustainable Finance Disclosure Regulation

(SFDR) amounted to SEK 566bn (636) which represented 82 per cent of assets under management (84). Of the total, SEK 550bn was classified as Article 8 and SEK 17bn was classified as Article 9.

Within Institutional Asset Management the quarter was challenging given the current macroeconomic environment. The current quarter's net sales was materially impacted by outflows within fixed income, particularly one specific mandate.

Operating profit amounted to SEK 480m. Net fee and commission income decreased by 13 per cent, driven by lower performance fees since one large item was reported in the prior quarter. Net performance fees amounted to SEK 91m (164). Also base commissions were lower due to decreased assets under management volumes. Base commissions amounted to SEK 711m (754) with an underlying decrease of 6 per cent. Operating expenses increased by 2 per cent.

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	Q2			Q1		Q2		Jan-Jun			Full year
		2022	2022	%	2021	%	2022	2021	%	2021		
Net interest income	2	7 742	7 062	10	6 468	20	14 804	12 768	16	26 097		
Net fee and commission income	3	5 498	5 398	2	5 280	4	10 895	10 055	8	21 142		
Net financial income	4	1 154	2 334	-51	2 056	-44	3 488	4 599	-24	8 235		
Net other income		47	- 25		120	-61	22	117	-82	164		
Total operating income		14 441	14 768	-2	13 924	4	29 209	27 539	6	55 638		
Staff costs		-4 017	-3 762	7	-3 818	5	-7 779	-7 715	1	-15 372		
Other expenses		-1 706	-1 543	11	-1 467	16	-3 249	-2 811	16	-5 763		
Depreciation, amortisation and impairment of tangible and intangible assets		- 478	- 488	-2	- 475	1	- 966	- 951	2	-2 110		
Total operating expenses		-6 201	-5 793	7	-5 759	8	-11 995	-11 477	5	-23 245		
Profit before credit losses and imposed levies		8 240	8 974	-8	8 164	1	17 214	16 062	7	32 393		
Net expected credit losses	5	- 399	- 535	-26	- 7		- 933	- 163		- 510		
Imposed levies: Risk tax and resolution fees	6	- 556	- 582	-5	- 242	130	-1 138	- 509	124	-1 019		
Operating profit		7 285	7 857	-7	7 916	-8	15 142	15 391	-2	30 864		
Income tax expense		-1 443	-1 454	-1	-1 342	8	-2 898	-2 800	4	-5 441		
NET PROFIT		5 842	6 403	-9	6 574	-11	12 244	12 591	-3	25 423		
Attributable to shareholders of Skandinaviska Enskilda Banken AB		5 842	6 403	-9	6 574	-11	12 244	12 591	-3	25 423		
Basic earnings per share, SEK		2.73	2.98		3.04		5.70	5.82		11.75		
Diluted earnings per share, SEK		2.71	2.96		3.02		5.66	5.78		11.67		

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

Statement of comprehensive income

SEK m	Q2			Q1		Q2		Jan-Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2021		
NET PROFIT	5 842	6 403	-9	6 574	-11	12 244	12 591	-3	25 423		
Cash flow hedges	24	30	-20	14	77	54	24	123	29		
Translation of foreign operations	1 211	166		-197		1 376	270		680		
Items that may subsequently be reclassified to the income statement:	1 235	196		-183		1 431	295		708		
Own credit risk adjustment (OCA) ¹⁾	20	34	-41	- 7		55	2		14		
Defined benefit plans	226	840	-73	2 712	-92	1 066	8 022	-87	14 061		
Items that will not be reclassified to the income statement:	246	874	-72	2 705	-91	1 120	8 024	-86	14 075		
OTHER COMPREHENSIVE INCOME	1 481	1 070	38	2 522	-41	2 551	8 319	-69	14 783		
TOTAL COMPREHENSIVE INCOME	7 323	7 473	-2	9 095	-19	14 796	20 910	-29	40 206		
Attributable to shareholders of Skandinaviska Enskilda Banken AB	7 323	7 473	-2	9 095	-19	14 796	20 910	-29	40 206		

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

Balance sheet, condensed

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Cash and cash balances at central banks	825 404	632 337	439 344
Loans to central banks	18 297	9 734	4 454
Loans to credit institutions ²⁾	100 947	74 885	60 009
Loans to the public	1 994 520	1 931 410	1 846 362
Debt securities	341 749	337 982	205 950
Equity instruments	94 826	112 920	120 742
Financial assets for which the customers bear the investment risk	349 375	384 460	422 497
Derivatives	284 611	156 313	126 051
Other assets	102 953	126 158	78 822
TOTAL ASSETS	4 112 682	3 766 200	3 304 230
Deposits from central banks and credit institutions	175 810	168 524	75 206
Deposits and borrowings from the public ¹⁾	2 072 543	1 854 211	1 597 449
Financial liabilities for which the customers bear the investment risk	351 357	386 625	424 226
Liabilities to policyholders	31 729	33 243	34 623
Debt securities issued	818 889	778 593	730 106
Short positions	41 951	56 982	34 569
Derivatives	296 473	163 486	118 173
Other financial liabilities	6 860	6 728	5 721
Other liabilities	124 281	131 278	90 929
Total liabilities	3 919 893	3 579 670	3 111 002
Equity	192 789	186 530	193 228
TOTAL LIABILITIES AND EQUITY	4 112 682	3 766 200	3 304 230
1) Deposits covered by deposit guarantees	403 563	390 351	387 382

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

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

Statement of changes in equity

SEK m	Share capital	Other reserves ¹⁾				Retained earnings	Equity
		OCA ²⁾	Cash flow hedges	Translation of foreign operations	Defined benefit plans		
Jan-Jun 2022							
Opening balance	21 942	-223	-18	-561	19 798	152 290	193 228
Net profit						12 244	12 244
Other comprehensive income (net of tax)		55	54	1 376	1 066		2 551
Total comprehensive income		55	54	1 376	1 066	12 244	14 796
Dividend to shareholders						-12 884	-12 884
Bonus issue	154					-154	
Cancellation of shares	-154					-1 722	-1 876
Equity-based programmes						-173	-173
Change in holdings of own shares ⁴⁾						-302	-302
Closing balance	21 942	-168	36	815	20 864	149 300	192 789
Jan-Dec 2021							
Opening balance	21 942	-236	-47	-1 241	5 737	145 788	171 943
Net profit						25 423	25 423
Other comprehensive income (net of tax)		14	29	680	14 061		14 783
Total comprehensive income		14	29	680	14 061	25 423	40 206
Dividend to shareholders						-17 740	-17 740
Equity-based programmes ³⁾						-167	-167
Change in holdings of own shares ³⁾⁴⁾						-1 015	-1 015
Closing balance³⁾	21 942	-223	-18	-561	19 798	152 290	193 228
Jan-Jun 2021							
Opening balance	21 942	-236	-47	-1 241	5 737	145 788	171 943
Net profit						12 591	12 591
Other comprehensive income (net of tax)		2	24	270	8 022		8 319
Total comprehensive income		2	24	270	8 022	12 591	20 910
Dividend to shareholders						-8 871	-8 871
Equity-based programmes ³⁾						-365	-365
Change in holdings of own shares ³⁾⁴⁾						43	43
Closing balance³⁾	21 942	-234	-23	-971	13 759	149 186	183 660

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

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

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

4) Number of shares owned by SEB:

Number of shares owned by SEB, million	Jan-Jun 2022	Jan-Dec 2021	Jan-Jun 2021
Opening balance	37.8	32.2	32.2
Repurchased shares for equity-based programmes	4.5	2.9	2.2
Sold/distributed shares	-4.9	-7.5	-6.4
Repurchased shares for capital management purposes	18.9	10.2	
Cancelled shares held for capital management purposes	-15.4		
Closing balance	40.8	37.8	28.0
Market value of shares owned by SEB, SEK m	4 098	4 754	3 100
Net acquisition cost for purchase of own shares for equity based programmes deducted from equity, period	-70	361	352
Net acquisition cost for purchase of own shares for equity-based programmes deducted from equity, accumulated	-2 528	-2 458	-2 468

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

Cash flow statement, condensed

SEK m	Jan-Jun			Full year
	2022	2021	%	2021
Cash flow from the profit and loss statement	8 762	- 4 761		- 199
Increase (-)/decrease (+) in trading portfolios	- 95 029	- 139 146	- 32	35 465
Increase (+)/decrease (-) in issued short term securities	87 584	42 462	106	- 17 662
Increase (-)/decrease (+) in lending	- 199 690	- 71 792	178	- 91 432
Increase (+)/decrease (-) in deposits and borrowings	575 606	314 353	83	190 114
Increase/decrease in other balance sheet items	9 946	8 284	20	14 005
Cash flow from operating activities	387 180	149 399	159	130 291
Cash flow from investing activities	- 1 072	- 588	82	- 846
Cash flow from financing activities	- 15 062	- 8 871	70	- 22 227
Net increase in cash and cash equivalents	371 045	139 941	165	107 218
Cash and cash equivalents at the beginning of year	445 716	331 247	35	331 247
Exchange rate differences on cash and cash equivalents	18 913	2 867		7 251
Net increase in cash and cash equivalents	371 045	139 941	165	107 218
Cash and cash equivalents at the end of period¹⁾	835 674	474 055	76	445 716

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 and presentation

This Report is presented in accordance with *IAS 34 Interim Financial Reporting*. The group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting also follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority: Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). In addition, the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied. The parent company has prepared its accounts in accordance with Swedish Annual Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's Regulations and General Guidelines (FFFS 2008:25) on Annual Reports in Credit Institutions and Securities Companies and the Supplementary Accounting Rules for Legal Entities (RFR 2) issued by the Swedish Financial Reporting Board.

As of 1 January 2022, SEB has made several changes to the presentation of the Income statement and as a result the comparative figures have been restated. See section on restated comparative figures for more information on page 46. In conjunction with the introduction of the Swedish risk tax, the group has changed the presentation of the Income statement by adding a new reporting line Imposed levies: risk tax and resolution fees. Resolution fees, previously presented in Net interest income, are presented in Imposed levies going forward. The reporting line Profit before credit losses has

been changed to Profit before credit losses and imposed levies. The purpose of the changes is to clarify the reporting and facilitate the comparison of operating profit between periods. SEB invests in interest-bearing securities both for customer purposes and for liquidity management purposes. These securities are classified as held for trading or mandatorily at fair value through profit or loss and changes in fair value of these securities are recognised in Net financial income, and the interest in Net interest income. Going forward, the amortisation of premium or discount from acquisition of these securities is presented in Net interest income instead of in Net financial income. In addition, the reporting line Gains less losses from tangible and intangible assets is removed. The changes in presentation have not had any impact on the profit or loss, or equity. SEB has, to reflect the current reporting and decision-making process, changed the presentation of reportable segments. For more information, see Business segments page 14.

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

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

Note 2 Net interest income

SEK m	Q2			Q1		Q2		Jan-Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	2021	
Interest income ¹⁾	10 120	8 399	20	7 736	31	18 519	15 577	19	31 383		
Interest expense	-2 378	-1 337	78	-1 267	88	-3 715	-2 809	32	-5 286		
Net interest income	7 742	7 062	10	6 468	20	14 804	12 768	16	26 097		
1) Of which interest income calculated using the effective interest method	8 997	7 432	21	6 873	31	16 429	13 696	20	27 752		

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

Note 3 Net fee and commission income

SEK m	Q2			Q1			Q2			Jan-Jun			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Issue of securities and advisory services	410	422	-3	613	-33	832	935	-11	1 954				
Secondary market and derivatives	544	562	-3	516	5	1 105	1 035	7	2 014				
Custody and mutual funds	2 525	2 762	-9	2 401	5	5 287	4 740	12	10 004				
<i>Whereof performance fees</i>	133	164	-19	115	15	297	334	-11	675				
Payments, cards, lending, deposits, guarantees and other	3 223	2 805	15	2 544	27	6 028	4 895	23	10 485				
<i>Whereof payments and card fees</i>	1 720	1 474	17	1 306	32	3 195	2 487	28	5 384				
<i>Whereof lending</i>	994	804	24	755	32	1 798	1 440	25	3 200				
Life insurance commissions	350	376	-7	414	-15	726	825	-12	1 672				
Fee and commission income	7 052	6 926	2	6 487	9	13 978	12 429	12	26 129				
Fee and commission expense	-1 555	-1 528	2	-1 208	29	-3 083	-2 374	30	-4 987				
Net fee and commission income	5 498	5 398	2	5 280	4	10 895	10 055	8	21 142				
<i>Whereof Net securities commissions</i>	2 427	2 727	-11	2 762	-12	5 155	5 255	-2	11 079				
<i>Whereof Net payment and card fees</i>	1 177	969	21	851	38	2 146	1 614	33	3 512				
<i>Whereof Net life insurance commissions</i>	230	276	-17	290	-21	506	581	-13	1 207				
<i>Whereof Other commissions</i>	1 664	1 425	17	1 377	21	3 089	2 605	19	5 344				

Fee and commission income by segment

SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Q2 2022									
Issue of securities and advisory	399	2	9		0		0		410
Secondary market and derivatives	459	3	70	8	0	3	-1	0	544
Custody and mutual funds	395	244	244	49	50	2 050	0	-508	2 525
Payments, cards, lending, deposits, guarantees and other	1 459	1 324	72	581	51	17	75	-357	3 223
Life insurance commissions					776			-426	350
Fee and commission income	2 712	1 574	396	638	877	2 070	75	-1 291	7 052
Q1 2022									
Issue of securities and advisory	409	3	9		0		0		422
Secondary market and derivatives	452	13	90	11	0	4	-7	0	562
Custody and mutual funds	429	281	291	54	51	2 200	0	-544	2 762
Payments, cards, lending, deposits, guarantees and other	1 259	1 071	64	543	51	17	71	-271	2 805
Life insurance commissions					827			-451	376
Fee and commission income	2 548	1 367	453	608	930	2 222	63	-1 267	6 926
Jan-Jun 2022									
Issue of securities and advisory	808	5	18		0		0		832
Secondary market and derivatives	911	16	160	19	0	7	-8	0	1 105
Custody and mutual funds	824	525	535	103	101	4 250	0	-1 052	5 287
Payments, cards, lending, deposits, guarantees and other	2 718	2 395	136	1 124	102	34	146	-628	6 028
Life insurance commissions					1 603			-877	726
Fee and commission income	5 261	2 941	849	1 246	1 808	4 292	138	-2 557	13 978
Jan-Jun 2021									
Issue of securities and advisory	916	4	14	0			0		935
Secondary market and derivatives	825	70	130	22	0	3	-8	-8	1 035
Custody and mutual funds	759	532	463	102	104	3 839	1	-1 059	4 740
Payments, cards, lending, deposits, guarantees and other	2 266	1 866	121	972	102	37	162	-631	4 895
Life insurance commissions					1 694			-869	825
Fee and commission income	4 767	2 472	728	1 096	1 900	3 879	155	-2 567	12 429

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

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

Note 4 Net financial income

SEK m	Q2			Q1			Q2			Jan-Jun			Full year
	2022	2022	%	2021	%	2021	%	2022	2021	%	2021	2021	
Equity instruments and related derivatives	-55	129		774		74		1 629	-95		2 387		
Debt instruments and related derivatives	-485	165		99		-319		357			558		
Currency and related derivatives	1 180	1 309	-10	927	27	2 489		1 696	47		3 488		
Other	515	730	-30	257	101	1 245		916	36		1 802		
Net financial income	1 154	2 334	-51	2 056	-44	3 488		4 599	-24		8 235		
<i>Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives</i>	-76	249		52		173		264			300		

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

Note 5 Net expected credit losses

SEK m	Q2			Q1			Q2			Jan-Jun			Full year
	2022	2022	%	2021	%	2021	%	2022	2021	%	2021	2021	
Impairment gains or losses - Stage 1	-116	-422	-73	44		-538		79			-105		
Impairment gains or losses - Stage 2	-134	254		150		119		-226			-233		
Impairment gains or losses - Stage 3	-137	-373	-63	-192	-29	-510		-15			-185		
Impairment gains or losses	-388	-541	-28	1		-929		-163			-523		
Write-offs and recoveries													
Total write-offs	-377	-1 360	-72	-304	24	-1 737		-821	112		-2 624		
Reversals of allowance for write-offs	306	1 311	-77	248	23	1 617		711	127		2 395		
Write-offs not previously provided for	-71	-49	45	-56	27	-120		-109	9		-229		
Recovered from previous write-offs	60	55	9	48	25	115		110	5		242		
Net write-offs	-11	6		-8	37	-5		0			13		
Net expected credit losses	-399	-535	-26	-7		-933		-163			-510		
Net ECL level, %	0.06	0.08		0.00		0.07		0.01			0.02		

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

Note 6 Imposed levies: risk tax and resolution fees

SEK m	Q2			Q1			Q2			Jan-Jun			Full year
	2022	2022	%	2021	%	2021	%	2022	2021	%	2021	2021	
Risk tax	-296	-296	0			-591							
Resolution fees	-260	-287	-9	-242	8	-547		-509	7		-1 019		
Imposed levies: Risk tax and resolution fees	-556	-582	-5	-242	130	-1 138		-509	124		-1 019		

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

Note 7 Pledged assets and obligations

	30 Jun 2022	31 Mar 2022	31 Dec 2021
SEK m			
Pledged assets for own liabilities ¹⁾	630 844	605 093	541 308
Pledged assets for liabilities to insurance policyholders	383 086	419 867	458 849
Other pledged assets ²⁾	87 922	70 796	66 226
Pledged assets	1 101 851	1 095 756	1 066 382
Contingent liabilities ³⁾	173 982	165 550	160 294
Commitments	815 181	801 427	813 936
Obligations	989 164	966 977	974 231

1) Of which collateralised for own issued covered bonds SEK 325,969m (327,365; 293,858).

2) Of which securities lending SEK 55m (150; 897) and pledged but unencumbered bonds SEK 38,708m (35,670; 33,424).

3) Of which financial guarantees SEK 11,068m (10,115; 10,281).

Note 8 Financial assets and liabilities

SEK m	30 Jun 2022		31 Mar 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans ¹⁾	2 936 586	2 904 776	2 645 640	2 629 551	2 348 011	2 346 280
Debt securities	341 749	341 735	337 982	337 959	205 950	205 919
Equity instruments	94 826	94 826	112 920	112 920	120 742	120 742
Financial assets for which the customers bear the investment risk	349 375	349 375	384 460	384 460	422 497	422 497
Derivatives	284 611	284 611	156 313	156 313	126 051	126 051
Other	34 539	34 539	59 290	59 290	16 282	16 282
Financial assets	4 041 686	4 009 862	3 696 606	3 680 494	3 239 534	3 237 772
Deposits	2 248 353	2 247 786	2 022 736	2 022 831	1 672 655	1 673 103
Financial liabilities for which the customers bear the investment risk	351 357	351 357	386 625	386 625	424 226	424 226
Debt securities issued ²⁾	847 830	842 906	807 318	799 388	758 655	765 856
Short positions	41 951	41 951	56 982	56 982	34 569	34 569
Derivatives	296 473	296 473	163 486	163 486	118 173	118 173
Other	56 537	56 548	69 302	68 802	20 961	20 962
Financial liabilities	3 842 500	3 837 020	3 506 448	3 498 113	3 029 240	3 036 890

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

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

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

Note 9 Assets and liabilities measured at fair value

SEK m	30 Jun 2022				31 Dec 2021			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Loans		111 210		111 210		85 032	70	85 102
Debt securities	204 695	127 404	1 174	333 273	95 783	101 575	49	197 407
Equity instruments	72 400	1 056	21 371	94 826	100 548	558	19 635	120 742
Financial assets for which the customers bear the investment risk	329 782	11 095	8 498	349 375	404 178	10 545	7 774	422 497
Derivatives	2 919	281 380	313	284 611	1 115	124 632	305	126 051
Investment in associates ¹⁾	45		726	771	80		622	702
Total	609 841	532 145	32 082	1 174 067	601 704	322 341	28 456	952 501
Liabilities								
Deposits		38 773		38 773		10 169		10 169
Financial liabilities for which the customers bear the investment risk	331 764	11 095	8 498	351 357	405 907	10 545	7 774	424 226
Debt securities issued		7 537		7 537		10 453		10 453
Short positions	21 864	20 087		41 951	14 887	19 683		34 569
Derivatives	1 979	294 174	320	296 473	872	116 973	329	118 173
Other financial liabilities at fair value	14	6 846		6 860	4	5 717		5 721
Total	355 622	378 512	8 817	742 951	421 670	173 539	8 103	603 312

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

Fair value measurement

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

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

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

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

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. These adjustments are calculated on a counterparty level based on estimates of exposure at default, probability of default and recovery rates. Probability of default and recovery rate information is generally sourced from the CDS markets. For counterparties where this information is not available, or considered unreliable due to the nature of the exposure, alternative approaches are taken where the probability of default is based on generic credit indices for specific industry and/or rating.

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

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in the Annual and Sustainability Report note 1. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

The note continues on the next page

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

Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with one or more external counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument. Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

Level 3: Valuation techniques with significant unobservable inputs

Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments, private equity holdings and investment properties.

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

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation / Pricing committee of each relevant division decides on material shifts between levels. During the first quarter transfers occurred from Level 1 and Level 2 to Level 3 of SEK 0.2bn within Debt instruments of Ukrainian government bonds. Additionally within Equity instruments, transfers occurred from Level 1 and Level 2 into Level 3 of SEK 0.9bn of Russian / Eastern Europe Funds. Following a review of Hedge Funds, within Equity instruments, a transfer out of Level 3 occurred of SEK 0.5bn. 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	Transfers			Exchange rate differences	Closing balance
	1 Jan 2022			into Level 3	out of Level 3	30 Jun 2022		
Assets				Purchases	Sales	Settlements		
Loans	70	23			-94		1	
Debt securities	49			1 038		105	31	1 174
Equity instruments	19 635	2 376		2 450	-2 543		-745	21 371
Financial assets for which the customers bear the investment risk	7 774	-83		401	-488		361	8 498
Derivatives	305	74			-2	-64		313
Investment in associates	622	9		95				726
Total	28 456	2 399		3 984	-3 127	-64	589	32 082
Liabilities								
Financial liabilities for which the customers bear the investment risk	7 774	-82		401	-488		362	8 498
Derivatives	329	-14				5		320
Total	8 103	-96		401	-488	5	361	8 817

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	30 Jun 2022				31 Dec 2021			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾⁴⁾	312	-319	-7	77	303	-325	-22	36
Debt instruments ³⁾	84		84	13	119		119	6
Equity instruments ²⁾⁵⁾⁶⁾	5 065		5 065	949	5 951		5 951	1 043
Insurance holdings - Financial instruments ³⁾⁴⁾⁶⁾⁷⁾	16 883		16 883	2 266	14 176		14 176	1 847

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

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

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

4) Shift in implied volatility by 10 per cent.

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

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

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

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

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Stage 1 (12-month ECL)			
Debt securities	8 476	8 168	8 544
Loans ¹⁾	1 957 263	1 892 863	1 772 979
Financial guarantees and Loan commitments	811 234	813 851	830 403
Gross carrying amounts/Nominal amounts Stage 1	2 776 973	2 714 882	2 611 926
Debt securities	0	0	-1
Loans ¹⁾	-1 393	-1 268	-984
Financial guarantees and Loan commitments	-558	-526	-375
ECL allowances Stage 1	-1 950	-1 794	-1 358
Debt securities	8 476	8 168	8 543
Loans ¹⁾	1 955 871	1 891 596	1 771 996
Financial guarantees and Loan commitments	810 677	813 324	830 028
Carrying amounts/Net amounts Stage 1	2 775 023	2 713 088	2 610 568
Stage 2 (lifetime ECL)			
Loans ¹⁾²⁾	66 882	63 832	62 127
Financial guarantees and Loan commitments	16 449	17 815	15 873
Gross carrying amounts/Nominal amounts Stage 2	83 331	81 647	78 000
Loans ¹⁾²⁾	-1 448	-1 262	-1 456
Financial guarantees and Loan commitments	-144	-159	-198
ECL allowances Stage 2	-1 592	-1 421	-1 654
Loans ¹⁾²⁾	65 433	62 570	60 671
Financial guarantees and Loan commitments	16 306	17 656	15 675
Carrying amounts/Net amounts Stage 2	81 739	80 226	76 346
Stage 3 (credit impaired/lifetime ECL)			
Loans ¹⁾³⁾	8 765	8 311	9 827
Financial guarantees and Loan commitments ³⁾	355	215	170
Gross carrying amounts/Nominal amounts Stage 3	9 120	8 526	9 997
Loans ¹⁾³⁾	-4 930	-4 884	-5 707
Financial guarantees and Loan commitments ³⁾	-126	-113	-67
ECL allowances Stage 3	-5 056	-4 997	-5 774
Loans ¹⁾³⁾	3 835	3 427	4 119
Financial guarantees and Loan commitments ³⁾	229	102	103
Carrying amounts/Net amounts Stage 3	4 064	3 529	4 223

The note continues on the next page.

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

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Total			
Debt securities	8 476	8 168	8 544
Loans ¹⁾²⁾³⁾	2 032 910	1 965 006	1 844 932
Financial guarantees and Loan commitments ³⁾	828 039	831 880	846 446
Gross carrying amounts/Nominal amounts	2 869 424	2 805 054	2 699 923
Debt securities	0	0	-1
Loans ¹⁾²⁾³⁾	-7 771	-7 413	-8 147
Financial guarantees and Loan commitments ³⁾	-827	-798	-640
ECL allowances	-8 598	-8 212	-8 786
Debt securities	8 476	8 168	8 543
Loans ¹⁾²⁾³⁾	2 025 139	1 957 593	1 836 787
Financial guarantees and Loan commitments ³⁾	827 212	831 082	845 806
Carrying amounts/Net amounts	2 860 826	2 796 842	2 691 136

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

2) Whereof gross carrying amounts SEK 2,046m (1,741; 1,858) and ECL allowances SEK 2m (1; 1) under Lifetime ECLs - simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 1,960m (1,808; 1,818) and ECL allowances SEK 1,457m (1,453; 1,296) for Purchased or Originated Credit Impaired loans.

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

Stage 3 loans / Total loans, gross, %	0.43	0.42	0.53
Stage 3 loans / Total loans, net, %	0.19	0.18	0.22
ECL coverage ratio Stage 1, %	0.07	0.07	0.05
ECL coverage ratio Stage 2, %	1.91	1.74	2.12
ECL coverage ratio Stage 3, %	55.44	58.61	57.76
ECL coverage ratio, %	0.30	0.29	0.33

Development of exposures and ECL allowances by stage

In the second quarter 2022, the strengthening of EUR and, in particular, USD led to higher gross exposures and ECL allowances in all stages. Currency effects were more pronounced in Stage 3, however, the increase was mitigated by write-offs. Stage 1 and 2 ECL allowances increased from macroeconomic scenario updates and redistribution of portfolio model overlays.

The note continues on the next page.

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

Measurement of ECL allowances

SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of judgement depends on model outcome, materiality and information available and ECJ may be applied to incorporate factors not captured by the models. Following the pandemic outbreak in the first quarter of 2020, ECJ was used to estimate portfolio model overlays in the Corporate & Private Customers and Baltic divisions to capture potential negative effects on the asset quality in the SME portfolios arising from the uncertain economic outlook in light of the Covid-19-pandemic, and in the Large Corporates & Financial Institutions division to capture the challenges facing the oil industry.

In the second quarter 2022, the Covid-19-related portfolio model overlays in the Corporate & Private Customers and Baltic divisions were released as the uncertainty around effects of the pandemic has receded. However, new portfolio model overlays were made in largely the same amounts to reflect the risks from higher energy prices, supply chain issues and inflation, which have increased following the geopolitical development. In the Large Corporates & Financial Institutions division, the amount of model overlays, made for geopolitical uncertainties and the oil portfolio, among other things, were unchanged in the quarter. This resulted in largely unchanged total amount of model overlays of SEK 2bn at the end of the quarter, of which SEK 0.8bn in the Large Corporates & Financial Institutions division, SEK 0.8bn in the Corporate & Private Customers division and SEK 0.4bn in the Baltic division.

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

Key macroeconomic variable assumptions for calculating ECL allowances

Macroeconomic forecasts made by SEB's economic research department are used as the basis for the forward-looking information incorporated in the ECL measurement. Three scenarios – base, positive and negative - and their probability weightings are reviewed every quarter, or more frequently when appropriate due to rapid or significant changes in the economic environment.

In the base scenario used in the second quarter 2022, the war in Ukraine, continued high energy prices and higher interest rates have significant economic impact and GDP growth forecasts have been lowered for 2022. However, a soft landing is expected supported by a number of positive forces. New fiscal stimulus measures in the form of subsidies for rising energy costs and intensified investments in defence capability and green transition will provide short-term support for growth in the euro area. Some stimulus funds provided during the pandemic still remain part of household savings buffers. Strong balance sheets make the private sector more resilient to rate hikes. Supply side problems currently driving inflation up will eventually ease and the real interest rates will remain low despite key rate hikes. A further description of the scenarios is available in the Nordic Outlook update published in May 2022.

The note continues on the next page

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

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

Base scenario assumptions	2022	2023	2024
Global GDP growth	3.0%	3.4%	3.4%
OECD GDP growth	2.6%	2.3%	2.0%
Sweden			
GDP growth	1.8%	1.8%	2.0%
Household consumption expenditure growth	1.6%	1.0%	2.0%
Interest rate (STIBOR)	1.50%	1.85%	1.85%
Residential real estate price growth	0.0%	-5.0%	0.0%
Baltic countries			
GDP growth	0.6% - 1.8%	1.8% - 2.5%	3.0% - 3.5%
Household consumption expenditure growth	0.8% - 2.5%	1.6% - 3.7%	3.0% - 3.5%
Inflation rate	10.7% - 14.7%	0.8% - 3.8%	2.1% - 2.5%
Nominal wage growth	7.0% - 9.0%	6.5% - 8.2%	5.5% - 6.0%
Unemployment rate	5.6% - 7.4%	5.5% - 7.3%	5.5% - 7.2%

The negative scenario reflects the downside risks of reversals in central bank policies. Factors that may be underestimated include the interest rate sensitivity of the economy, such as the impact of rates and yields on share and home prices, and a stronger and more protracted inflation upturn requiring further central bank actions. The possible need for energy rationing in Europe and China's economic headwinds are other downside risks. The upside potential is limited and the positive scenario assumes a faster resolution of supply side problems and prices normalising more than expected, reinforcing the base effects that are the main drivers of an inflation downturn.

The probability for the base scenario was maintained at 60 per cent while the probability for the negative scenario was increased from 25 to 30 per cent and the probability for the positive scenario was lowered from 15 to 10 per cent.

The update of the macroeconomic parameters and scenario weights led to an increase of total ECL allowances in the second quarter 2022. 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 3 per cent respectively compared to the probability-weighted calculation.

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

Note 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 2021	984	1 456	5 707	8 147
New and derecognised financial assets, net	119	-134	-175	-191
Changes due to change in credit risk	254	66	630	949
Changes due to modifications	1	10	0	11
Decreases in ECL allowances due to write-offs			-1 617	-1 617
Change in exchange rates	36	51	385	472
ECL allowance as of 30 June 2022	1 393	1 448	4 930	7 771
Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2021	375	198	67	640
New and derecognised financial assets, net	-8	-28	-45	-81
Changes due to change in credit risk	172	-33	101	240
Changes due to modifications		1		1
Change in exchange rates	18	6	4	28
ECL allowance as of 30 June 2022	558	144	126	827
Total Loans, Debt securities, Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2021	1 358	1 654	5 774	8 786
New and derecognised financial assets, net	111	-162	-220	-272
Changes due to change in credit risk	426	33	730	1 189
Changes due to modifications	1	11	0	12
Decreases in ECL allowances due to write-offs			-1 617	-1 617
Change in exchange rates	54	57	389	500
ECL allowance as of 30 June 2022	1 951	1 592	5 056	8 598

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

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

SEK m	Gross carrying amounts				ECL allowances				Net carrying amount
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Total
30 Jun 2022									
Banks	162 508	3 790	10	166 307	-4	-3	-2	-9	166 298
Finance and insurance	170 880	1 751	158	172 789	-87	-6	-7	-100	172 689
Wholesale and retail	76 732	1 850	147	78 729	-116	-69	-79	-264	78 465
Transportation	29 408	1 398	205	31 010	-51	-40	-57	-148	30 863
Shipping	49 859	3 389	1 372	54 620	-19	-22	-1 134	-1 176	53 444
Business and household services	185 330	9 416	1 940	196 686	-322	-319	-1 171	-1 812	194 874
Construction	13 939	1 321	303	15 563	-29	-101	-175	-305	15 258
Manufacturing	112 577	5 793	2 186	120 556	-164	-148	-1 323	-1 636	118 920
Agriculture, forestry and fishing	30 146	919	101	31 167	-24	-11	-29	-64	31 103
Mining, oil and gas extraction	9 400	1 620	15	11 035	-20	-181	-4	-206	10 830
Electricity, gas and water supply	56 431	1 020	320	57 771	-32	-45	-92	-169	57 602
Other	31 431	1 348	102	32 880	-48	-66	-32	-145	32 735
Corporates	766 131	29 826	6 849	802 806	-913	-1 008	-4 104	-6 024	796 782
Commercial real estate management	168 749	2 356	150	171 255	-97	-36	-58	-190	171 064
Residential real estate management	131 846	940	20	132 806	-63	-3	-1	-66	132 740
Real Estate Management	300 594	3 296	170	304 060	-159	-38	-58	-256	303 804
Housing co-operative associations	62 914	5 911	2	68 828	0	0	-1	-2	68 826
Public Administration	14 324	334	0	14 657	-1	-2	0	-3	14 654
Household mortgages	609 061	20 114	769	629 944	-89	-155	-222	-466	629 477
Other	41 732	3 611	964	46 307	-226	-243	-542	-1 010	45 297
Households	650 792	23 726	1 733	676 251	-315	-397	-764	-1 477	674 774
TOTAL	1 957 263	66 882	8 765	2 032 910	-1 393	-1 448	-4 930	-7 771	2 025 139
31 Dec 2021									
Banks	89 669	2 044	5	91 718	-5	-2	-1	-8	91 709
Finance and insurance	128 994	2 191	88	131 273	-61	-26	-6	-93	131 180
Wholesale and retail	78 198	1 762	192	80 152	-91	-43	-81	-214	79 938
Transportation	29 423	1 258	211	30 892	-30	-39	-50	-119	30 773
Shipping	43 719	4 460	1 507	49 686	-22	-42	-965	-1 029	48 657
Business and household services	153 028	7 258	1 556	161 842	-175	-189	-901	-1 264	160 578
Construction	11 286	815	307	12 407	-24	-101	-171	-295	12 112
Manufacturing	93 694	5 245	1 444	100 384	-82	-186	-961	-1 229	99 155
Agriculture, forestry and fishing	27 860	655	80	28 595	-22	-9	-27	-58	28 538
Mining, oil and gas extraction	10 475	1 834	2 182	14 491	-20	-344	-1 538	-1 903	12 589
Electricity, gas and water supply	52 965	409	189	53 562	-24	-30	-90	-144	53 418
Other	48 662	1 087	100	49 850	-36	-47	-37	-120	49 730
Corporates	678 305	26 975	7 856	713 136	-587	-1 054	-4 827	-6 468	706 668
Commercial real estate management	154 671	2 519	173	157 364	-70	-40	-65	-175	157 189
Residential real estate management	134 485	1 400	31	135 915	-45	-2	-2	-49	135 866
Real Estate Management	289 156	3 919	204	293 279	-115	-42	-67	-224	293 055
Housing co-operative associations	61 885	6 536	2	68 423	0	0	-1	-2	68 421
Public Administration	14 102	239	1	14 342	-1	-4	-1	-5	14 337
Household mortgages	599 193	18 767	796	618 756	-79	-140	-241	-460	618 296
Other	40 669	3 648	962	45 279	-196	-214	-569	-979	44 300
Households	639 862	22 414	1 759	664 035	-275	-354	-810	-1 439	662 596
TOTAL	1 772 979	62 127	9 827	1 844 932	-984	-1 456	-5 707	-8 147	1 836 787

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

SEB consolidated situation

Note 13 Capital adequacy analysis

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	158 539	154 593	154 821
Tier 1 capital	172 926	163 008	168 375
Total capital	187 414	176 971	181 737
Total risk exposure amount (TREA)	851 025	828 377	787 490
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	18.6%	18.7%	19.7%
Tier 1 ratio (%)	20.3%	19.7%	21.4%
Total capital ratio (%)	22.0%	21.4%	23.1%
Pillar 1 minimum capital requirement (%P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	68 082	66 270	62 999
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	1.8%	1.8%	1.8%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.4%	1.4%	1.4%
Total SREP own funds requirements (% P1+P2R)	9.8%	9.8%	9.8%
Total SREP own funds requirements (amounts)	83 673	81 446	77 426
Additional CET1 buffer requirements and CET1 Pillar 2 Guidance (as a percentage of TREA)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Institution specific countercyclical capital buffer (%)	0.1%	0.1%	0.1%
Systemic risk buffer (%)	3.0%	3.0%	3.0%
Other Systemically Important Institution buffer (%)	1.0%	1.0%	1.0%
Combined buffer requirement (% CBR)	6.6%	6.6%	6.6%
Combined buffer requirement (amounts)	55 897	54 409	51 724
Overall capital requirements (%P1+P2R+CBR)	16.4%	16.4%	16.4%
Overall capital requirements (amounts)	139 570	135 855	129 150
CET1 available after meeting the total SREP own funds requirements (%P1+P2R)	12.2%	11.5%	13.2%
Pillar 2 Guidance (% P2G)	1.5%	1.5%	1.5%
Pillar 2 Guidance (amounts)	12 765	12 426	11 812
Overall capital requirements and P2G (%)	17.9%	17.9%	17.9%
Overall capital requirements and P2G (amounts)	152 335	148 281	140 962
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	172 926	163 008	168 375
Leverage ratio total exposure measure (amounts)	4 003 075	3 749 851	3 352 452
Leverage ratio (%)	4.3%	4.3%	5.0%
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (amounts)	120 092	112 496	100 574
Pillar 2 Guidance (% P2G)	0.5%	0.5%	0.5%
Pillar 2 Guidance (amounts)	18 014	16 874	15 086
Overall leverage ratio requirements and P2G (%)	3.5%	3.5%	3.5%
Overall leverage ratio requirements and P2G (amounts)	138 106	129 370	115 660

Note 14 Own funds

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	192 789	186 530	193 228
Accrued dividend	-6 008	-3 132	-12 938
Reversal of holdings of own CET1 instruments	1 629	2 574	1 397
Common Equity Tier 1 capital before regulatory adjustments	188 411	185 971	181 687
Additional value adjustments	-1 521	-1 434	-1 133
Goodwill	-4 282	-4 295	-4 261
Intangible assets	-1 096	-1 005	-1 327
Deferred tax assets that rely on future profitability	-8	-8	-7
Fair value reserves related to gains or losses on cash flow hedges	-36	-12	18
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 005	-592	-194
Defined-benefit pension fund assets	-18 663	-18 827	-17 211
Direct and indirect holdings of own CET1 instruments	-3 260	-5 205	-2 752
Total regulatory adjustments to Common Equity Tier 1	-29 872	-31 378	-26 866
Common Equity Tier 1 capital	158 539	154 593	154 821
Additional Tier 1 instruments ²⁾	14 387	8 415	13 555
Tier 1 capital	172 926	163 008	168 375
Tier 2 instruments	14 468	13 993	13 826
Net provisioning amount for IRB-reported exposures	1 219	1 171	736
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	14 488	13 963	13 362
Total own funds	187 414	176 971	181 737

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

2) Following an approval from the Swedish Financial Supervisory Authority to call an Additional Tier 1 instrument of USD 0.6bn issued in 2017, the instrument was excluded from the bank's own funds as of Q1 2022. In the second quarter SEB issued an Additional Tier 1 instrument of USD 0.5bn, which is included in the bank's own funds as of Q2 2022.

Note 15 Risk exposure amount

SEK m	30 Jun 2022		31 Mar 2022		31 Dec 2021	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to central governments or central banks	19 891	1 591	17 799	1 424	18 374	1 470
Exposures to institutions	60 717	4 857	54 721	4 378	52 833	4 227
Exposures to corporates	390 054	31 204	381 782	30 543	371 928	29 754
Retail exposures	68 819	5 506	68 204	5 456	66 879	5 350
of which secured by immovable property	44 827	3 586	44 552	3 564	43 718	3 497
of which retail SME	6 249	500	6 032	483	5 621	450
of which other retail exposures	17 743	1 419	17 620	1 410	17 540	1 403
Securitisation positions	1 979	158	1 924	154	1 976	158
Total IRB approach	541 459	43 317	524 430	41 954	511 989	40 959
Credit risk standardised approach						
Exposures to central governments or central banks	14 147	1 132	13 654	1 092	949	76
Exposures to institutions	1 327	106	1 071	86	937	75
Exposures to corporates	6 976	558	7 093	567	6 635	531
Retail exposures	15 524	1 242	14 920	1 194	15 278	1 222
Exposures secured by mortgages on immovable property	2 224	178	2 080	166	2 016	161
Exposures in default	127	10	43	3	45	4
Exposures associated with particularly high risk	868	69	868	69	845	68
Exposures in the form of collective investment undertakings (CIU)	1 540	123	1 822	146	1 540	123
Equity exposures	6 242	499	4 114	329	7 155	572
Other items	10 558	845	9 374	750	9 945	796
Total standardised approach	59 532	4 763	55 038	4 403	45 344	3 628
Market risk						
Trading book exposures where internal models are applied	36 888	2 951	35 079	2 806	26 756	2 140
Trading book exposures applying standardised approaches	9 331	746	9 853	788	5 021	402
Total market risk	46 219	3 698	44 931	3 595	31 778	2 542
Other own funds requirements						
Operational risk advanced measurement approach	50 032	4 003	50 038	4 003	49 897	3 992
Settlement risk	6	0	26	2	13	1
Credit value adjustment	12 634	1 011	11 706	936	9 493	759
Investment in insurance business	22 750	1 820	24 377	1 950	22 527	1 802
Other exposures	3 634	291	3 367	269	3 898	312
Additional risk exposure amount ²⁾	114 758	9 181	114 462	9 157	112 551	9 004
Total other own funds requirements	203 814	16 305	203 977	16 318	198 379	15 870
Total	851 025	68 082	828 377	66 270	787 490	62 999

1) Own funds requirement 8% of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).

2) Additional risk exposure amount according to Article 458, Regulation (EU) No 575/2013 (CRR), for risk-weight floors in the Swedish mortgage portfolio and as from Q3 2021 for risk-weight floors in the Norwegian mortgage portfolio as well as for Norwegian corporate exposures collateralized by immovable property.

Note 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)	30 Jun 2022	31 Mar 2022	31 Dec 2021
Average risk-weight			
Exposures to central governments or central banks	1.8%	2.0%	2.9%
Exposures to institutions	22.4%	22.6%	23.5%
Exposures to corporates	27.4%	27.6%	27.6%
Retail exposures	9.3%	9.3%	9.2%
of which secured by immovable property	6.7%	6.7%	6.7%
of which retail SME	52.5%	52.1%	50.3%
of which other retail exposures	28.5%	28.3%	28.5%
Securitisation positions	17.1%	17.0%	16.9%

Skandinaviska Enskilda Banken AB (publ) – parent company

Income statement

In accordance with FSA regulations SEK m	Q2			Q1		Q2		Jan–Jun			Full year 2021
	2022	2022	%	2021	%	2022	2021	%			
Interest income ¹⁾	8 438	7 013	20	6 439	31	15 451	13 909	11	25 895		
Leasing income	1 303	1 318	-1	1 366	-5	2 621	2 668	-2	5 268		
Interest expense ²⁾	-2 599	-1 725	51	-1 322	97	-4 323	-3 114	39	-5 159		
Dividends	5 947	3 232	84	603		9 178	2 451		2 596		
Fee and commission income	4 364	4 353	0	3 950	10	8 718	7 469	17	15 553		
Fee and commission expense	-989	-1 171	-15	-767	29	-2 160	-1 574	37	-3 210		
Net financial income ¹⁾	598	1 200	-50	1 802	-67	1 798	2 836	-37	6 125		
Other income	475	1 049	-55	142		1 524	666	129	1 330		
Total operating income	17 536	15 270	15	12 213	44	32 806	25 312	30	48 397		
Administrative expenses	-4695	-4426	6	-4 177	12	-9 121	-8 396	9	-16 207		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 391	-1 423	-2	-1 454	-4	-2 814	-2 842	-1	-5 644		
Total operating expenses	-6 086	-5 849	4	-5 630	8	-11 936	-11 238	6	-21 851		
Profit before credit losses	11 450	9 421	22	6 583	74	20 871	14 074	48	26 547		
Net expected credit losses	-383	-550	-30	-40		-932	-222		-744		
Impairment of financial assets ³⁾	-5 224	-240		-425		-5 464	-425		-1 911		
Operating profit	5 843	8 631	-32	6 118	-4	14 475	13 426	8	23 892		
Appropriations	331	543	-39	425	-22	874	946	-8	3 839		
Income tax expense	-788	-1 121	-30	-1 271	-38	-1 909	-2 419	-21	-5 332		
Other taxes	47					47			352		
NET PROFIT	5 434	8 052	-33	5 271	3	13 486	11 953	13	22 751		

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

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

3) During the second quarter 2022, the parent company recognised impairment losses of SEK 5,224m for the investment in the subsidiary DSK Hyp AG. In total, impairment losses of SEK 1,911m was recognised for the investment in DSK Hyp AG during 2021. During the first quarter 2022, the parent company recognised impairment losses of SEK 63m for the investment in SEB Corporate Bank in Ukraine and SEK 177m for SEB Bank in Russia. Under the current conditions it is not viable for SEB to maintain operations in Russia, and SEB has therefore started scaling these down. This will be done in a responsible and orderly manner and in accordance with regulatory and legal obligations.

Statement of comprehensive income

SEK m	Q2			Q1		Q2		Jan–Jun			Full year 2021
	2022	2022	%	2021	%	2022	2021	%			
NET PROFIT	5 434	8 052	-33	5 271	3	13 486	11 953	13	22 751		
Cash flow hedges	24	30	-20	13	85	54	24	125	29		
Translation of foreign operations	-103	47		-10		-56	31		98		
Items that may subsequently be reclassified to the income statement:	-79	77		3		-2	55		127		
OTHER COMPREHENSIVE INCOME	-79	77		3		-2	55		127		
TOTAL COMPREHENSIVE INCOME	5 355	8 129	-34	5 274	2	13 484	12 008	12	22 878		

Balance sheet, condensed

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Cash and cash balances with central banks	789 215	596 404	371 466
Loans to central banks	4 973	907	4 127
Loans to credit institutions	122 434	86 830	70 207
Loans to the public	1 777 948	1 723 289	1 641 332
Debt securities	317 581	315 055	178 441
Equity instruments	71 210	88 346	96 149
Derivatives	276 138	151 363	121 326
Other assets	135 497	162 752	104 787
TOTAL ASSETS	3 494 997	3 124 946	2 587 834
Deposits from central banks and credit institutions	227 504	204 565	85 276
Deposits and borrowings from the public ¹⁾	1 863 099	1 654 847	1 404 490
Debt securities issued	818 808	778 515	730 028
Short positions	41 951	56 982	34 569
Derivatives	286 191	157 668	113 497
Other financial liabilities	6 860	6 728	5 721
Other liabilities	97 445	116 778	59 340
Untaxed reserves	17 147	17 140	17 137
Equity	135 991	131 722	137 776
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	3 494 997	3 124 946	2 587 834
1) Private and SME deposits covered by deposit guarantee	267 637	259 395	255 302
Private and SME deposits not covered by deposit guarantee	167 541	159 583	160 691
All other deposits	1427 922	1235 869	988 497
Total deposits from the public	1 863 099	1 654 847	1 404 490

Pledged assets and obligations

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Pledged assets for own liabilities	629 710	603 836	539 115
Other pledged assets	87 867	70 646	65 329
Pledged assets	717 576	674 482	604 443
Contingent liabilities	171 356	163 622	159 445
Commitments	752 598	742 557	754 551
Obligations	923 954	906 179	913 996

Capital adequacy

Capital adequacy analysis

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	135 103	133 330	131 207
Tier 1 capital	149 490	141 745	144 761
Total capital	163 801	155 573	157 935
Total risk exposure amount (TREA)	770 679	752 806	712 916
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	17.5%	17.7%	18.4%
Tier 1 ratio (%)	19.4%	18.8%	20.3%
Total capital ratio (%)	21.3%	20.7%	22.2%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	61 654	60 224	57 033
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	1.8%	1.8%	1.8%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.4%	1.4%	1.4%
Total SREP own funds requirements (% P1+P2R)	9.8%	9.8%	9.8%
Total SREP own funds requirements (amounts)	75 565	73 813	69 901
Additional CET1 buffer requirements and CET1 Pillar 2 Guidance (as a percentage of TREA)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Institution specific countercyclical capital buffer (%)	0.1%	0.1%	0.1%
Systemic risk buffer (%)	0.0%	0.0%	0.0%
Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
Combined buffer requirement (% CBR)	2.6%	2.6%	2.6%
Combined buffer requirement (amounts)	20 032	19 365	18 339
Overall capital requirements (% P1+P2R+CBR)	12.4%	12.4%	12.4%
Overall capital requirements (amounts)	95 597	93 178	88 204
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	11.4%	10.9%	12.3%
Pillar 2 Guidance (% P2G)	0.0%	0.0%	0.0%
Pillar 2 Guidance (amounts)	0	0	0
Overall capital requirements and P2G (%)	12.4%	12.4%	12.4%
Overall capital requirements and P2G (amounts)	95 597	93 178	88 204
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	149 490	141 745	144 761
Leverage ratio total exposure measure (amounts)	3 747 106	3 505 847	3 065 713
Leverage ratio (%)	4.0%	4.0%	4.7%
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements (amounts)	112 413	105 175	91 971
Pillar 2 Guidance (% P2G)	0.0%	0.0%	0.0%
Pillar 2 Guidance (amounts)	0	0	0
Overall leverage ratio requirements and P2G (%)	3.0%	3.0%	3.0%
Overall leverage ratio requirements and P2G (amounts)	112 413	105 175	91 971

Own funds

SEK m	30 Jun 2022	31 Mar 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	149 568	145 299	151 353
Accrued dividend	-6 008	-3 132	-12 938
Reversal of holdings of own CET1 instruments	1 629	2 574	1 397
Common Equity Tier 1 capital before regulatory adjustments	145 190	144 741	139 812
Additional value adjustments	-1 484	-1 355	-1 113
Goodwill	-3 358	-3 358	-3 358
Intangible assets	-955	-893	-1 196
Fair value reserves related to gains or losses on cash flow hedges	-36	-12	18
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-994	-589	-205
Direct and indirect holdings of own CET1 instruments	-3 260	-5 205	-2 752
Total regulatory adjustments to Common Equity Tier 1	-10 087	-11 411	-8 606
Common Equity Tier 1 capital	135 103	133 330	131 207
Additional Tier 1 instruments ²⁾	14 387	8 415	13 555
Tier 1 capital	149 490	141 745	144 761
Tier 2 instruments	14 468	13 993	13 826
Net provisioning amount for IRB-reported exposures	1 043	1 035	548
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	14 311	13 828	13 174
Total own funds	163 801	155 573	157 935

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

2) Following an approval from the Swedish Financial Supervisory Authority to call an Additional Tier 1 instrument of USD 0.6bn issued in 2017, the instrument was excluded from the bank's own funds as of Q1 2022. In the second quarter SEB issued an Additional Tier 1 instrument of USD 0.5bn, which is included in the bank's own funds as of Q2 2022.

Risk exposure amount

SEK m	30 Jun 2022		31 Mar 2022		31 Dec 2021	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach						
Exposures to central governments or central banks	14 470	1 158	12 277	982	10 362	829
Exposures to institutions	60 207	4 817	54 153	4 332	52 349	4 188
Exposures to corporates	324 085	25 927	317 472	25 398	308 939	24 715
Retail exposures	44 840	3 587	44 902	3 592	44 205	3 536
of which secured by immovable property	34 946	2 796	34 977	2 798	34 274	2 742
of which retail SME	2 158	173	2 215	177	2 187	175
of which other retail exposures	7 736	619	7 710	617	7 744	619
Securitisation positions	1 979	158	1 924	154	1 976	158
Total IRB approach	445 581	35 646	430 728	34 458	417 831	33 426
Credit risk standardised approach						
Exposures to central governments or central banks						
Exposures to institutions	16 926	1 354	13 647	1 092	11 628	930
Exposures to corporates	3 261	261	3 195	256	3 319	266
Retail exposures	9 021	722	8 860	709	9 001	720
Exposures secured by mortgages on immovable property	2 221	178	2 076	166	2 012	161
Exposures in default	100	8	19	2	24	2
Exposures associated with particularly high risk	868	69	868	69	845	68
Exposures in the form of collective investment undertakings (CIU)	1 540	123	1 822	146	1 540	123
Equity exposures	51 592	4 127	53 441	4 275	43 688	3 495
Other items	3 514	281	2 810	225	2 863	229
Total standardised approach	89 042	7 123	86 738	6 939	74 920	5 994
Market risk						
Trading book exposures where internal models are applied	36 888	2 951	35 079	2 806	26 756	2 140
Trading book exposures applying standardised approaches	9 325	746	9 805	784	4 975	398
Foreign exchange rate risk					4 153	332
Total market risk	46 214	3 697	44 883	3 591	35 883	2 871
Other own funds requirements						
Operational risk advanced measurement approach	38 961	3 117	39 068	3 125	39 185	3 135
Settlement risk	6	0	26	2	13	1
Credit value adjustment	12 610	1 009	11 701	936	9 485	759
Investment in insurance business	22 750	1 820	24 377	1 950	22 527	1 802
Other exposures	763	61	829	66	528	42
Additional risk exposure amount ²⁾	114 751	9 180	114 456	9 156	112 544	9 004
Total other own funds requirements	189 841	15 187	190 457	15 237	184 282	14 743
Total	770 679	61 654	752 806	60 224	712 916	57 033

1) Own funds requirement 8% of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).

2) Additional risk exposure amount according to Article 458, Regulation (EU) No 575/2013 (CRR), for risk-weight floors in the Swedish mortgage portfolio and as from Q3 2021 for risk-weight floors in the Norwegian mortgage portfolio as well as for Norwegian corporate exposures collateralized by immovable property.

Average risk weight

IRB reported credit exposures (less repos and securities lending)	30 Jun 2022	31 Mar 2022	31 Dec 2021
Average risk-weight			
Exposures to central governments or central banks	1.4%	1.5%	1.9%
Exposures to institutions	22.4%	22.6%	23.5%
Exposures to corporates	24.8%	25.0%	25.0%
Retail exposures	7.3%	7.3%	7.3%
of which secured by immovable property	5.9%	6.0%	5.9%
of which retail SME	34.1%	34.3%	33.8%
of which other retail exposures	39.6%	38.2%	38.5%
Securitisation positions	17.1%	17.0%	16.9%

Restated comparative figures

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

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

SEB Group reconciliation to previously published figures, January - June 2021

SEK m	Previously reported	Change in presentation			Restated
	Jan–Jun 2021	Resolution fees	NII adjust- ment	Other	Jan–Jun 2021
Net interest income	12 966	509	- 707		12 768
Net fee and commission income	10 055				10 055
Net financial income	3 892		707		4 599
Net other income	115			3	117
Total operating income	27 028	509	0	3	27 539
Staff costs	-7 715				-7 715
Other expenses	-2 811				-2 811
Depreciation, amortisation and impairment of tangible and intangible assets	- 951				- 951
Total operating expenses	-11 477				-11 477
Profit before credit losses and imposed levies	15 551	509	0	3	16 062
Gains less losses from tangible and intangible assets	3			- 3	
Net expected credit losses	- 163				- 163
Imposed levies: Risk tax and resolution fees		- 509			- 509
Operating profit	15 391	0	0	0	15 391
Income tax expense	-2 800				-2 800
NET PROFIT	12 591	0	0	0	12 591
Attributable to shareholders of Skandinaviska Enskilda Banken AB	12 591				12 591

SEB Group reconciliation to previously published figures, second quarter 2021

SEK m	Previously reported	Change in presentation			Restated
	Q2 2021	Resolution fees	NII adjust- ment	Other	Q2 2021
Net interest income	6 570	242	- 344		6 468
Net fee and commission income	5 280				5 280
Net financial income	1 713		344		2 056
Net other income	118			2	120
Total operating income	13 680	242	0	2	13 924
Staff costs	-3 818				-3 818
Other expenses	-1 467				-1 467
Depreciation, amortisation and impairment of tangible and intangible assets	- 475				- 475
Total operating expenses	-5 759				-5 759
Profit before credit losses and imposed levies	7 921	242	0	2	8 164
Gains less losses from tangible and intangible assets	2			-2	
Net expected credit losses	-7				-7
Imposed levies: Risk tax and resolution fees		- 242			- 242
Operating profit	7 916	0	0	0	7 916
Income tax expense	-1 342				-1 342
NET PROFIT	6 574	0	0	0	6 574
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 574				6 574

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

Signature of the Board of Directors and the President

The Board of Directors and the President declare that this financial report for the period 1 January 2022 through 30 June 2022 provides a fair overview of the parent company's and the group's operations, their financial position and results and describes material risks and uncertainties facing the parent company and the group.

Stockholm, 14 July 2022

Marcus Wallenberg
Chair

Sven Nyman
Vice chair

Jesper Ovesen
Vice chair

Jacob Aarup-Andersen
Director

Signhild Arnegård Hansen
Director

Anne-Catherine Berner
Director

Winnie Fok
Director

John Flint
Director

Lars Ottersgård
Director

Helena Saxon
Director

Anna-Karin Glimström
*Director **

Charlotta Lindholm
*Director **

Johan Torgeby
President and chief executive officer

**Appointed by the trade unions*

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's review report

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

Introduction

We have reviewed the condensed financial report for Skandinaviska Enskilda Banken AB (publ) as at June 30, 2022 and for the six-month period ending as at this date. The Board of Directors, the President and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial 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, 14 July 2022

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Contacts and calendar

SEB's result for the second quarter 2022

Telephone conference

At 14 July 2022, 9 am CET, Johan Torgeby, SEB's President & CEO, and Masih Yazdi, CFO, will present the results for the second quarter 2022, followed by a Q&A session with Johan Torgeby, Masih Yazdi and Per Andersson, Acting Head of Investor Relations. The presentation and Q&A will be conducted in English.

To participate in the telephone conference, please dial in at least ten minutes in advance at +44 1 212 818 004.

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

Media

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

Further information is available from:

Masih Yazdi, Chief Financial Officer

Tel: +46 771 621 000

Per Andersson, Acting Head of Investor Relations

Tel: +46 70 667 74 81

Frank Hojem, Head of Corporate Communication

Tel: +46 70 763 99 47

Skandinaviska Enskilda Banken AB (publ.)

SE-106 40 Stockholm, Sweden

Tel: +46 771 621 000

sebgroupp.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 sebgroupp.com/ir.

Financial information calendar 2022

26 October 2022 Quarterly report January – September 2022 The silent period starts on 1 October 2022

The financial information calendar for 2023 will be published in conjunction with the Quarterly Report for January-September 2022.

Definitions

Including Alternative Performance Measures¹⁾

Operating profit

Total profit before tax.

Net profit

Total profit after tax.

Return on equity

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

Return on business equity

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

Return on total assets

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

Return on risk exposure amount

Net profit attributable to shareholders in relation to average²⁾ risk exposure amount.

Cost/income ratio

Total operating expenses in relation to total operating income.

Basic earnings per share

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

Diluted earnings per share

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

Net worth per share

The total of shareholders' equity, the equity portion of any surplus values in the holdings of debt securities and the surplus value in life insurance operations in relation to the number of shares outstanding.

Equity per share

Shareholders' equity in relation to the number of shares outstanding.

Expected credit losses, ECL

Probability-weighted credit losses with the respective risk of a default.

ECL allowances

The allowance for expected credit losses on financial assets, contract assets, loan commitments and financial guarantee contracts.

Net ECL level

Net expected credit losses in relation to the opening balance of the year of debt securities, loans to the public and loans to credit institutions measured at amortised cost, financial guarantees and loan commitments, net of ECL allowances.

ECL coverage ratio

ECL allowances in relation to underlying gross carrying amounts for loans and debt securities as well as nominal amounts of financial guarantees and loan commitments.

Stage 3 loans / Total loans, gross

Gross carrying amount for stage 3 loans (credit-impaired loans) in relation to gross carrying amount for total loans measured at amortised cost (including trade and client receivables presented as other assets).

Stage 3 loans / Total loans, net

Carrying amount for stage 3 loans (credit-impaired loans) in relation to carrying amounts for total loans measured at amortised cost (including trade and client receivables presented as other assets)

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.

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

Definitions, continued

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

Risk exposure amount

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

Common Equity Tier 1 capital (CET1)

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

Tier 1 capital

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

Tier 2 capital

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

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Liquidity Coverage Ratio (LCR)

High-quality liquid assets in relation to the estimated net liquidity outflow over the next 30 calendar days.

According to the EU Capital Requirements Regulation no 876/2019 (CRR2) and according to the EU Directive no 879/2019 (BRRD II):

Leverage ratio

Tier 1 capital as a percentage of the exposure value of assets, derivatives and off-balance sheet items.

Net stable funding ratio (NSFR)

Available stable funding in relation to the amount of required stable funding.

Minimum requirement of eligible liabilities (MREL)

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

This is SEB

We connect ideas, people and capital to drive progress

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

Our customers

2,000 large corporations, 1,100 financial institutions, 288,000 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 16,000 highly skilled employees serving our customers from locations in more than 20 countries – covering different time zones, securing reach and local market knowledge.

Our history

We have a long tradition of supporting people and companies and helping drive development. Ever since we welcomed our first customer 165 years ago, we have been guided by engagement and curiosity about the future. By providing financial products and tailored advisory services to meet our customers' changing needs, we build on our long-term relationships and do our part to contribute to a more sustainable society.

Focus areas

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

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

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

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

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