

Quarterly Report

STOCKHOLM 26 OCTOBER 2022

Third quarter 2022 | January – September 2022



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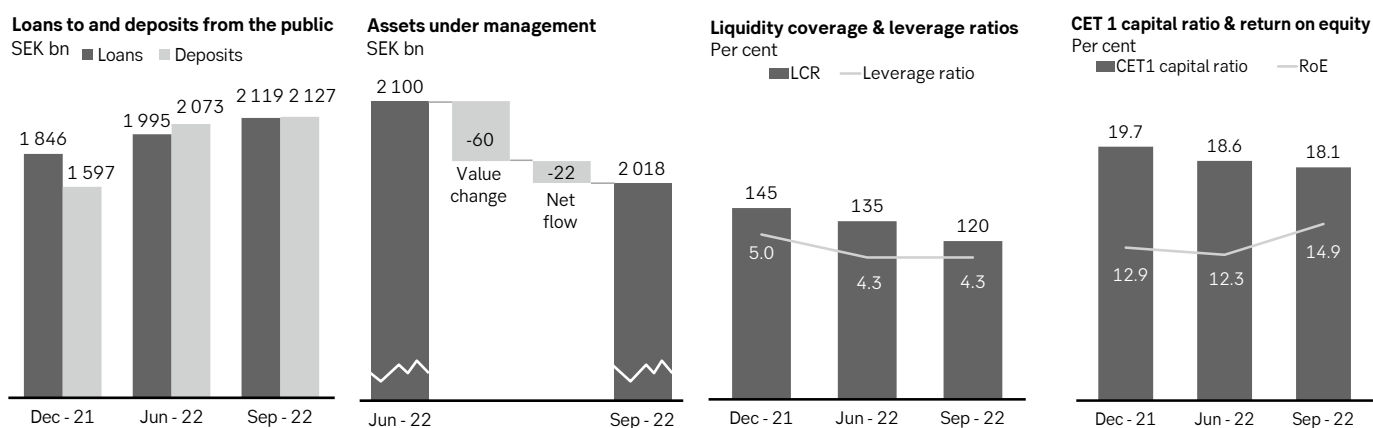
SEB

Third quarter 2022

- Continued operating leverage and robust asset quality led to 14.9 per cent return on equity, on a capital management buffer that exceeds the regulatory requirement by 410 basis points.
- Customer sentiment, activity and our results were impacted by higher inflation, rising interest rates and volatile financial markets.
- The Board of Directors resolved to utilise the authorisation granted by the 2022 Annual General Meeting, to initiate a new quarterly share buyback programme of SEK 1.25bn, which increases flexibility while maintaining the previous pace.

SEK m	Q3			Q2			Q3			Jan-Sep			Full year 2021
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%		
Total operating income	16 551	14 441	15	13 971	18	45 759	41 511	10	55 638				
Total operating expenses	-6 293	-6 201	1	-5 671	11	-18 288	-17 148	7	-23 245				
Net expected credit losses	- 567	- 399	42	- 49		-1 501	- 211		- 510				
Imposed levies: Risk tax and resolution fees	- 572	- 556	3	- 255	125	-1 711	- 764	124	-1 019				
Operating profit	9 118	7 285	25	7 997	14	24 260	23 388	4	30 864				
NET PROFIT	7 311	5 842	25	6 634	10	19 555	19 225	2	25 423				
Return on equity, %	14.9	12.3		14.1		13.5	14.2		13.9				
Basic earnings per share, SEK	3.43	2.73		3.06		9.13	8.88		11.75				

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



Adapting to a new environment

For almost three years, we have experienced a heightened level of global uncertainty. It began with the Covid-19 pandemic and the long-lasting ramifications it caused for individuals and societies around the world. Uncertainty of a different kind emerged earlier this year, when Russia invaded Ukraine. Russia's actions have, above all, resulted in immense human suffering but also changed the geopolitical and economic landscape as we know it. The elevated energy prices and increasing global inflationary pressure that followed have contributed additional uncertainty to an already fragile situation. Central banks have continued and accelerated monetary tightening, leading to a lower risk appetite among investors and increased concerns for recession.

In Sweden, many households and companies are facing challenging times due to the high inflation and increasing interest rates. Annual expenses for the average family living in a house are on average expected to increase by almost 50 per cent this year, according to SEB's economists. For many, this will be the first time that they experience lower real wages. This will negatively impact consumption and thus the overall economy.

While markets continue to be volatile, the search for a new equilibrium continues for interest rates, equities, foreign exchange rates, commodities and housing, among other asset classes. Despite difficulties to predict the future, the developments we are now seeing are likely to have profound and long-lasting effects, in the same way as previous crises have reshaped our world.

A quarter impacted by the new environment

In the third quarter, we generated a return on equity of 14.9 per cent. Higher inflation, rising interest rates and volatile financial markets are clearly impacting customer sentiment, activity and our results. Our large corporate customers were generally more cautious, reflected in a lower appetite in the primary markets while activity was high in the energy market, benefitting our commodities business. Financial institutions focused on risk management and rebalancing needs, particularly within FX. The declining equity markets affected assets under management and assets under custody negatively. For our retail customers, we saw a high demand for financial advice, and interest on savings accounts was reintroduced. Mortgage demand slowed in Sweden, reflecting the house price decline and lower transaction turnover. In a highly competitive market, where mortgage margins contracted further, our market share of new mortgages continues to be low. We are working patiently with our customer offering, including service and price, to come back to our historical market share.

Operating profit increased by 25 per cent, mainly driven by 15 per cent higher operating income while operating expenses were stable. We continue to see robust asset quality. Further downward revisions of the macroeconomic outlook resulted in net expected credit losses increasing to 8 basis points. Our guidance for costs and net expected credit losses for the year remains unchanged.

Our capital buffer amounted to 410 basis points. In order to increase flexibility while maintaining the pace of share buybacks, the Board of Directors has decided on a new quarterly programme of SEK 1.25bn until year-end 2022, following the previous semi-annual programmes of SEK 2.5bn. With our solid earnings capacity, capital and liquidity buffers, we believe we are in a favourable position to continue to support our customers and invest in our business in line with our 2030 Strategy.

Higher cost inflation expected

The work to execute on our 2030 Strategy to future-proof our customer relationships, product offering, regulatory compliance and technology platform including data capabilities is largely progressing according to plan. While our long-term strategy remains firm despite cyclical considerations, we will in this year's business planning process check our assumptions and based on structural changes, calibrate our actions if deemed appropriate. Despite accelerated efficiency efforts, our planned investments in combination with the impact from inflation on salaries, rents, energy and IT costs, are likely to lead to a higher cost increase, all else equal, in 2023 than what we have seen in recent years. We will revert with any adjustments made to our business plan and a nominal cost target for 2023 in conjunction with the fourth-quarter report.

SEB's role in the energy transition

The current energy crisis has become more profound following Russia's suspension of 90 per cent of its supply of natural gas to Europe, leading to further supply constraints. We believe these effects provide insights into the underlying mechanisms of the energy market, highlighting the need for a diversified and more resilient energy production. In turn, we believe this will contribute to an acceleration of the ongoing energy transition in the long-term, despite short-term challenges. Here, SEB has an important role to play in supporting our customers, as part of our ambition to be a leading catalyst in the transition to a more sustainable society. In addition, we see continued strong growth in sustainable finance. For example, SEB acted as sustainability advisor to Mercedes-Benz in the transformation of a EUR 11bn revolving credit facility into a sustainability-linked loan – the second largest in Europe since the market's inception.

Today, we are communicating our net-zero aligned 2030 sector targets for financed emissions in our credit portfolio as part of our sustainability strategy and commitment to the Net Zero Banking Alliance (NZBA). The targets, which are an important part of our effort towards reaching a net-zero credit portfolio by 2050 or sooner, are focused on the areas where we can achieve the greatest positive impact for the climate. They initially cover SEB's lending and commitments to the sectors oil & gas (exploration & production and refining), power generation, steel, car manufacturing and Swedish household mortgages. The targets complement SEB's overarching climate ambitions and goals. On 15 November, at our annual sustainability event, we will provide an update on the development of these ambitions and goals, and elaborate on our 2030 targets.

Enabling resilience and flexibility

Since 1856, our strong financial position and long-term outlook have enabled us to support our customers in good times and bad, providing resilience and flexibility for people, businesses, and society. As conditions now become increasingly challenging for many of our customers, we aim to remain a stable and trustworthy partner. That is how we continue creating value for all our stakeholders, and positively shape the future, today and for generations to come.



Johan Torgeby
President and CEO

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Income statement on a quarterly basis, condensed

SEK m	Q3	Q2	Q1	Q4	Q3
	2022	2022	2022	2021	2021
Net interest income	8 925	7 742	7 062	6 717	6 612
Net fee and commission income	5 261	5 498	5 398	5 885	5 202
Net financial income	2 324	1 154	2 334	1 517	2 119
Net other income	41	47	- 25	8	38
Total operating income	16 551	14 441	14 768	14 127	13 971
Staff costs	-4 028	-4 017	-3 762	-3 795	-3 862
Other expenses	-1 755	-1 706	-1 543	-1 616	-1 336
Depreciation, amortisation and impairment of tangible and intangible assets	- 510	- 478	- 488	- 687	- 473
Total operating expenses	-6 293	-6 201	-5 793	-6 097	-5 671
Profit before credit losses and imposed levies	10 258	8 240	8 974	8 030	8 300
Net expected credit losses	- 567	- 399	- 535	- 299	- 49
Imposed levies: Risk tax and resolution fees	- 572	- 556	- 582	- 255	- 255
Operating profit	9 118	7 285	7 857	7 476	7 997
Income tax expense	-1 807	-1 443	-1 454	-1 278	-1 363
NET PROFIT	7 311	5 842	6 403	6 198	6 634
Attributable to shareholders of Skandinaviska Enskilda Banken AB	7 311	5 842	6 403	6 198	6 634
Basic earnings per share, SEK	3.43	2.73	2.98	2.87	3.06
Diluted earnings per share, SEK	3.40	2.71	2.96	2.85	3.04

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

Key figures

	Q3	Q2	Q3	Jan-Sep		Full year
	2022	2022	2021	2022	2021	2021
Return on equity, %	14.9	12.3	14.1	13.5	14.2	13.9
Return on total assets, %	0.7	0.6	0.7	0.7	0.7	0.7
Return on risk exposure amount, %	3.4	2.8	3.5	3.1	3.4	3.4
Cost/income ratio ¹⁾	0.38	0.43	0.41	0.40	0.41	0.42
Basic earnings per share, SEK	3.43	2.73	3.06	9.13	8.88	11.75
Weighted average number of shares ²⁾ , millions	2 133	2 142	2 166	2 142	2 165	2 164
Diluted earnings per share, SEK	3.40	2.71	3.04	9.06	8.82	11.67
Weighted average number of diluted shares ³⁾ , millions	2 150	2 158	2 181	2 158	2 179	2 179
Net worth per share, SEK	99.71	96.96	95.58	99.71	95.58	98.00
Equity per share, SEK	93.12	90.18	88.44	93.12	88.44	89.61
Average shareholders' equity, SEK bn	196.7	189.4	188.1	193.2	180.9	183.5
Net ECL level, %	0.08	0.06	0.01	0.07	0.01	0.02
Stage 3 Loans / Total Loans, gross, %	0.41	0.43	0.62	0.41	0.62	0.53
Stage 3 Loans / Total Loans, net, %	0.18	0.19	0.26	0.18	0.26	0.22
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	120	135	131	120	131	145
Net Stable Funding Ratio (NSFR) ⁵⁾ , %	109	110	111	109	111	111
<u>Own funds requirement, Basel III</u>						
Risk exposure amount, SEK m	881 588	851 025	753 104	881 588	753 104	787 490
Expressed as own funds requirement, SEK m	70 527	68 082	60 248	70 527	60 248	62 999
Common Equity Tier 1 capital ratio, %	18.1	18.6	20.2	18.1	20.2	19.7
Tier 1 capital ratio, %	19.9	20.3	21.9	19.9	21.9	21.4
Total capital ratio, %	21.6	22.0	23.0	21.6	23.0	23.1
Leverage ratio, %	4.3	4.3	4.6	4.3	4.6	5.0
Number of full time equivalents ⁶⁾	16 491	16 277	15 543	16 188	15 518	15 551
Assets under custody, SEK bn	18 091	19 591	14 237	18 091	14 237	21 847
Assets under management, SEK bn	2 018	2 100	2 422	2 018	2 422	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 nine months of 2022 SEB purchased 4,546,622 shares for the long-term equity programmes and 5,939,467 shares were sold/distributed. During the first nine months of 2022, SEB purchased 30,241,578 shares for capital management purposes and 15,449,868 shares held for capital management purposes were cancelled. Thus, at 30 September 2022 the number of issued shares amounted to 2,178,721,934 and SEB held 51,173,470 own Class A-shares with a market value of SEK 5,465m.

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.

The third quarter

Operating profit increased by 25 per cent compared with the second quarter to SEK 9,118m (7,285). Year-on-year operating profit increased by 14 per cent. Net profit amounted to SEK 7,311m (5,842).

Operating income

Total operating income increased by SEK 2,110m compared with the second quarter and amounted to SEK 16,551m (14,441). Compared with the third quarter 2021, total operating income increased by 18 per cent.

Net interest income amounted to SEK 8,925m, which represented an increase of 15 per cent compared with the second quarter (7,742) and an increase of 35 per cent year-on-year. The policy rate of the Swedish central bank increased twice in the third quarter, from 0.25 to 1.75 per cent. The European central bank also raised its key rates twice in the period. This affected margins on both loans and deposits.

SEK m	Q3	Q2	Q3
	2022	2022	2021
Customer-driven NII	8 929	7 001	6 352
NII from other activities	-4	740	259
Total	8 925	7 742	6 612

Customer-driven net interest income increased by SEK 1,927m compared with the second quarter. The main reason was an increase in deposit margins following the policy rate hikes, both in Sweden and the Baltic countries. Lending margins contributed negatively. Both lending and deposit volumes contributed positively. The deposit guarantee fees amounted to SEK 113m (101).

Net interest income from other activities decreased by SEK 744m compared with the second quarter. There was a negative effect from Treasury following increased market rates. The positive contribution from the FICC unit (Fixed Income, Currencies and Commodities) observed in the second quarter remained in the third quarter.

Net fee and commission income decreased by 4 per cent in the third quarter to SEK 5,261m (5,498). Year-on-year, net fee and commission income increased by 1 per cent.

Given the recent macroeconomic development with the heightened level of uncertainty, inflation and rising interest rates, customers continued to be cautious. Capital market-related activities slowed further from the already slower first half of the year. Gross fee income from issuance of securities and advisory services decreased by 19 per cent to SEK 334m. Similarly, event-driven financing decreased leading to a decline in gross lending fees by SEK 169m to SEK 825m.

Equity markets activity continued to be subdued. Gross secondary market and derivatives income decreased by 15 per cent in the third quarter to SEK 465m. Year-on-year market volatility was elevated, and gross secondary market and derivatives income increased by 8 per cent.

Gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 42m to SEK 2,434m from the second quarter. Declining asset values decreased the gross fee income related to mutual funds. However, gross fee income in the custody business increased as previously won mandates are now generating income. Performance fees amounted to SEK 61m (133).

Net payment and card fees were stable in the quarter, amounting to SEK 1,182m (1,177). The seasonal slow-down was counteracted by an inflation effect.

The net life insurance commissions related to the unit-linked insurance business increased and amounted to SEK 257m (230).

Net financial income increased by SEK 1,170m to SEK 2,324m compared with the second quarter. Year-on-year, net financial income increased by SEK 205m.

Given the current market conditions, customer need for risk management led to a strong demand for services within foreign exchange and energy commodities.

Within Treasury activities there was a reversal of the significant negative revaluation effects seen in the previous quarter. More specifically the value of bond holdings was less negative compared with the second quarter while valuations of interest rate and foreign exchange swaps were positive.

The fair value credit adjustment¹ amounted to SEK -33m, an increase of SEK 43m compared with the second quarter.

The market value change of certain strategic holdings amounted to SEK 74m in the third quarter, a positive change of SEK 229m compared with the second quarter.

Net financial income from the Life division increased to SEK 210m (160). One reason was that the negative effects of widening credit spreads decreased somewhat compared with the second quarter.

Net other income amounted to SEK 41m (47). Unrealised valuation and hedge accounting effects are included in this line item.

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 nine months is compared with the first nine 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.

Operating expenses

Total operating expenses amounted to SEK 6,293m (6,201). Total operating expenses increased by 1 per cent from the second quarter and by 11 per cent year-on-year.

Staff costs were unchanged from the second quarter. The number of full-time equivalents was 16,491 (16,277). The increase in other expenses related to an increase in other operating expenses. Supervisory fees amounted to SEK 42m (51).

Costs developed broadly according to the business plan for 2022-2024. The cost target for 2022 is outlined on page 12.

Net expected credit losses

Net expected credit losses amounted to SEK 567m (399), corresponding to a net expected credit loss level of 8 basis points (6). The increase was mainly driven by a further downward revision of the macroeconomic scenarios. 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 page 10 and notes 10-12.

Imposed levies: Risk tax and resolution fees

Imposed levies amounted to SEK 572m (556). 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 third quarter amounted to SEK 296m (296). The resolution fees increased to SEK 277m (260).

Income tax expense

Income tax expense increased to SEK 1,807m (1,443) with an effective tax rate of 19.8 per cent (19.8).

Return on equity

Return on equity for the third quarter increased to 14.9 per cent (12.3).

Other comprehensive income

Other comprehensive income amounted to SEK -779m (1,481).

The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees even as the change in net value of the defined benefit pension plans decreased other comprehensive income by SEK -868m (226). The Swedish discount rate was unchanged, at 3.8 per cent in the third quarter, as was the inflation assumption of 2 per cent.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash flow hedges and translation of foreign operations amounted to SEK 92m (1,235).

The first nine months

Operating profit increased by 4 per cent to SEK 24,260m compared with the first nine months 2021 (23,388). Net profit amounted to SEK 19,555m (19,225).

Operating income

Total operating income increased by SEK 4,248m compared with the first nine months 2021 and amounted to SEK 45,759m (41,511).

Net interest income amounted to SEK 23,728m, which represented an increase of 22 per cent compared with the first nine months 2021 (19,380).

SEK m	Jan-Sep		Change
	2022	2021	%
Customer-driven NII	22 660	19 658	15
NII from other activities	1 069	-278	
Total	23 728	19 380	22

Customer-driven net interest income increased by SEK 3,002m year-on-year. Increased deposit margins represented the main increase following the policy rate hikes, both in Sweden and the Baltic countries. Lending margins contributed negatively. Lending volumes, of which a part related to bridge financing, contributed positively. The deposit guarantee fees amounted to SEK 315m (266).

Net interest income from other activities improved by SEK 1,347m year-on-year. The majority of the increase derived from internal funds transfer pricing primarily from the first half of the year.

Net fee and commission income increased by 6 per cent compared with the first nine months of 2021 to SEK 16,157m (15,258).

Net payment and card fees increased by SEK 800m to SEK 3,327m. Payment activity and card usage recovered from the subdued pandemic levels in the prior year.

The gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 617m to SEK 7,424m compared with the first nine months 2021. The gross fee income reflected a positive effect from the volume growth in the custody business as of year-end 2021. Performance fees decreased to SEK 358m (375).

Event-driven capital market-related activity slowed markedly compared with the first nine months 2021. As bond market spreads increased corporate customers increasingly preferred traditional bank financing over issuing own bonds. Gross fee income from issuance of securities and advisory services decreased by SEK 232m to SEK 1,166m. Gross lending fees, on the other hand, mainly event-related, increased by SEK 407m to SEK 2,623m.

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 nine months to SEK 1,570m.

The net life insurance commissions related to the unit-linked insurance business amounted to SEK 763m (881).

Net financial income decreased by SEK 906m to SEK 5,812m compared with the first nine months 2021.

The fair value credit adjustment¹⁾ amounted to SEK 140m, a decrease of SEK 195m compared with the first nine months 2021.

The market value change of certain strategic holdings amounted to SEK -216m for the nine-month period, a negative change of SEK 1,080m in net financial income year-on-year.

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

There was a significant positive valuation effect in the Treasury portfolios while net financial income from the Life division decreased by SEK 221m to SEK 530m.

Net other income amounted to SEK 62m (155). Unrealised valuation and hedge accounting effects are included in this line item.

Operating expenses

Total operating expenses amounted to SEK 18,288m (17,148), representing an increase of 7 per cent.

Staff costs increased by 2 per cent. The 21 per cent increase in other expenses was mainly related to IT investments, consulting costs and increased travel. Supervisory fees amounted to SEK 132m (134).

Net expected credit losses

Net expected credit losses increased to SEK 1,501m (211), corresponding to a net expected credit loss level of 7 basis points (1), due to increased provisions on a few specific counterparties and downward revisions of the macroeconomic scenarios. During the year, the portfolio model overlays decreased to SEK 1.9bn (2.0bn at year-end 2021). Covid-19- and oil portfolio-related model overlays were released, and new portfolio model overlays were made to reflect risks from higher energy prices, supply chain issues and inflation.

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 1,711m (764). The risk tax amounted to SEK 887m. The resolution fees rose to SEK 824m (764).

Income tax expense

Income tax expense increased to SEK 4,705m (4,163) with an effective tax rate of 19.4 per cent (17.8). 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 nine months decreased to 13.5 per cent (14.2).

Other comprehensive income

Other comprehensive income amounted to SEK 1,772m (9,556). The change in net value of the defined benefit pension plans affected other comprehensive income by SEK 198m (9,172).

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 1,523m (376).

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 September 2022 amounted to SEK 4,277bn, representing an increase of SEK 164bn from the end of the second quarter (4,113).

Loans

	30 Sep	30 Jun	31 Dec
SEK bn	2022	2022	2021
General governments	18	17	17
Financial corporations	118	107	101
Non-financial corporations	1 028	987	900
Households	718	716	704
Collateral margin	98	75	44
Reverse repos	139	93	81
Loans to the public	2 119	1 995	1 846

Loans to the public increased by SEK 124bn in the third quarter to SEK 2,119bn, of which SEK 20bn was a currency effect.

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

Deposits and borrowings

	30 Sep	30 Jun	31 Dec
SEK bn	2022	2022	2021
General governments	69	43	20
Financial corporations	676	638	368
Non-financial corporations	750	783	673
Households	455	461	439
Collateral margin	169	115	88
Repos	9	33	8
Registered bonds	0	0	1
Deposits and borrowings from the public	2 127	2 073	1 597

Deposits and borrowings from the public increased by SEK 54bn in the third quarter to SEK 2,127bn (2,073). The currency effect increased deposits by SEK 26bn.

Debt securities

Debt securities decreased by SEK 26bn to SEK 316bn in the third quarter. The securities are short-term in nature and have high credit worthiness.

Assets under management and custody

Total *assets under management* amounted to SEK 2,018bn (2,100). The market value decreased by SEK 60bn during the quarter (293). The net outflows of assets under management amounted to SEK 22bn (39). Certain specific mandates were moved out for strategic purposes and there was a second and final transfer of SEK 10bn relating to the Ringkjøbing Landbobank transaction which was communicated in the second quarter.

Assets under custody amounted to SEK 18,091bn given the decreasing asset values (19,591).

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

	30 Sep	30 Jun	31 Dec
SEK bn	2022	2022	2021
Banks	145	130	102
Corporates	1 668	1 589	1 473
Commercial real estate management	198	197	188
Residential real estate management	145	145	152
Housing co-operative associations Sweden	73	73	74
Public administration	105	81	83
Household mortgage	679	689	670
Household other	85	87	86
Total credit portfolio	3 097	2 992	2 828

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 105bn in the third quarter to SEK 3,097bn (2,992). The corporate credit portfolio increased by SEK 79bn, of which approximately half represented new volumes and half was due to the weaker Swedish krona against, in particular, the US dollar. The real estate 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) were stable at SEK 8.7bn (8.8), corresponding to 0.41 per cent of total loans (0.43), as write-offs were offset by an increase from currency effects. Stage 1 and 2 ECL allowances increased mainly from macroeconomic scenario revisions, partly offset by a release of the oil portfolio model overlay. See net expected credit loss comment on page 9.

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 rising interest rates and widening credit spreads, led to increased market risk, measured as VaR. As of the third quarter 2022, average VaR in the regulatory trading book amounted to SEK 298m (217). 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 September 2022 (93).

SEB's long-term wholesale funding need continued to be mainly regulatory-driven. New issuance amounted to SEK 13bn, of which SEK 8bn in covered bonds and SEK 5bn in senior non-preferred debt. SEK 8bn of long-term funding matured, of which all senior debt.

Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 29bn.

Liquid assets defined according to the liquidity coverage ratio (LCR) requirements amounted to SEK 1,207bn at 30 September 2022 (1,152) and the LCR was 120 per cent (135). The minimum requirement is 100 per cent.

The net stable funding ratio (NSFR) requirement is that stable funding shall be at least 100 per cent of illiquid assets. Per 30 September 2022, SEB's NSFR was 109 per cent (110).

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 continue 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 31bn to SEK 882bn during the third quarter.

SEK bn	
Balance 30 Jun 2022	851
Underlying credit risk change	17
- whereof asset size	13
- whereof asset quality	-6
- whereof foreign exchange movements	9
Underlying market risk change	14
- whereof CVA risk	1
Underlying operational risk change	0
Model updates, methodology & policy, other	0
- whereof credit risk	0
Balance 30 Sep 2022	882

Credit risk REA increased by SEK 17bn. Foreign exchange movements and asset size contributed to the increase, somewhat mitigated by improved asset quality. Market risk REA increased by SEK 14bn, the main driver being market volatility. Operational risk REA remained largely unchanged and there were no model and methodology updates during the quarter.

Capital position

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

	30 Sep	30 Jun	31 Dec
Own funds requirement, Basel III	2022	2022	2021
Risk exposure amount, SEK bn	882	851	787
Common Equity Tier 1 capital ratio, %	18.1	18.6	19.7
Tier 1 capital ratio, %	19.9	20.3	21.4
Total capital ratio, %	21.6	22.0	23.1
Leverage ratio, %	4.3	4.3	5.0

SEB's Common Equity Tier 1 (CET1) capital ratio decreased to 18.1 per cent (18.6). The decrease was due to an increase in REA of SEK 31bn.

SEB's second share buyback programme was completed on 24 October 2022 and the Board of Directors has resolved a new, third, programme to be initiated on 27 October 2022. The new programme amounts to SEK 1.25bn and is to be completed by 30 December 2022. SEB has received supervisory approval to repurchase shares for up to SEK 2.5bn until the 2023 Annual General Meeting, and has deducted this amount in full from the CET1 capital. The change from a semi-annual to a quarterly buyback programme enables SEB to increase flexibility while maintaining the same pace of share repurchases. See further page 12.

SEB's applicable CET1 capital requirement and Pillar 2 guidance (P2G) per the end of the third quarter was 14.0 per cent (13.8). Per 29 September 2022, the countercyclical buffer requirement in Sweden increased from zero to 1 per cent. 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 410 basis points (480).

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 (3.45).

Internally assessed capital requirement

As per 30 September 2022, the internally assessed capital requirement, including insurance risk, amounted to SEK 105bn (104). 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 89bn (86).

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 cost 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 September 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.

Share buyback programmes

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

On 25 October 2022, the Board of Directors resolved to utilise the authorisation granted by the Annual General Meeting held on 22 March 2022, to initiate a new SEK 1.25bn buyback programme of Class A shares. SEB has received supervisory approval to repurchase shares for up to SEK 2.5bn until the end of the first quarter 2023. The programme is expected to commence on 27 October 2022 and end on 30 December 2022. A maximum number of shares may be repurchased so that SEB's total holding at any time does not exceed 10 per cent of SEB's total number of issued shares. Repurchased shares are expected to be cancelled during the first half of 2023.

Impact from exchange rate fluctuations

The currency effect increased operating profit for the third quarter by SEK 82m.

Compared with the second quarter, the weaker Swedish krona increased loans to and deposits from the public by SEK 20bn and SEK 26bn, respectively, while total REA increased by SEK 9bn, and the increase of total assets was SEK 44bn.

Uncertainties

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

Increasing inflation has caused central banks to raise interest rates and initiate or plan for quantitative tightening. On 20 September 2022, the Executive Board of the Swedish central bank announced its decision to increase the policy rate by 1.00 percentage point to 1.75 per cent as of 21 September 2022. The Swedish central bank's forecast for the policy rate was revised, indicating that the policy rate will be increased further during the coming six months. Interest rate levels is a key factor affecting SEB's net interest income and operating profit.

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

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-Sep 2022, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Net interest income	9 911	9 329	1 002	2 709	-19	3	799	-6	23 728
Net fee and commission income	5 516	3 560	1 151	1 369	1 898	2 482	188	-9	16 157
Net financial income	3 260	394	56	457	530	57	1 062	-3	5 812
Net other income	-71	11	4	11	8	3	100	-4	62
Total operating income	18 616	13 295	2 213	4 545	2 416	2 545	2 150	-22	45 759
Staff costs	-3 359	-2 180	-546	-933	-532	-422	-3 836	1	-11 808
Other expenses	-4 082	-3 114	-614	-573	-497	-574	4 429	21	-5 004
Depreciation, amortisation and impairment of tangible and intangible assets	-23	-52	-2	-65	-16	-8	-1 311		-1 476
Total operating expenses	-7 464	-5 345	-1 162	-1 571	-1 045	-1 004	- 718	22	-18 288
Profit before credit losses and imposed levies	11 152	7 949	1 051	2 974	1 372	1 541	1 432		27 472
Net expected credit losses	-1 007	-497	-8	2	-1	0	9	1	-1 501
Imposed levies: Risk tax and resolution fees	-913	-647	-52	-46		-1	-52	0	-1 711
Operating profit	9 232	6 805	991	2 930	1 371	1 540	1 389	1	24 260

Jan-Sep 2021, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Net interest income	7 951	8 435	688	2 267	-20	-13	165	-94	19 380
Net fee and commission income	5 171	3 059	1 024	1 234	2 026	2 552	226	-34	15 258
Net financial income	3 543	330	37	246	751	9	1 826	-24	6 718
Net other income	27	11	5	11	33	3	69	-4	155
Total operating income	16 692	11 835	1 755	3 758	2 789	2 552	2 287	-156	41 511
Staff costs	-3 055	-2 240	-480	-630	-516	-403	-4 254	1	-11 577
Other expenses	-3 756	-2 728	-515	-810	-491	-551	4 548	155	-4 148
Depreciation, amortisation and impairment of tangible and intangible assets	-50	-62	-3	-24	-15	-8	-1 261		-1 424
Total operating expenses	-6 861	-5 029	-998	-1 464	-1 023	-962	-967	156	-17 148
Profit before credit losses and imposed levies	9 831	6 805	756	2 294	1 766	1 590	1 320		24 363
Net expected credit losses	-373	-35	-14	208	0	0	5	-3	-211
Imposed levies: Risk tax and resolution fees	-446	-240	-16	-46		-1	-15		-764
Operating profit	9 013	6 530	727	2 455	1 767	1 589	1 310	-3	23 388

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	Q3			Q2			Q3			Jan–Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Net interest income	3 680	3 264	13	2 585	42	9 911	7 951	25	10 578				
Net fee and commission income	1 719	2 007	-14	1 733	-1	5 516	5 171	7	7 189				
Net financial income	1 134	961	18	1 009	12	3 260	3 543	-8	4 743				
Net other income	-84	-28	195	32		-71	27		22				
Total operating income	6 450	6 203	4	5 359	20	18 616	16 692	12	22 532				
Staff costs	-1 108	-1 132	-2	-1 030	8	-3 359	-3 055	10	-4 115				
Other expenses	-1 375	-1 383	-1	-1 255	10	-4 082	-3 756	9	-5 106				
Depreciation, amortisation and impairment of tangible and intangible assets	-7	-7	-1	-16	-59	-23	-50	-54	-64				
Total operating expenses	-2 489	-2 522	-1	-2 301	8	-7 464	-6 861	9	-9 286				
Profit before credit losses and imposed levies	3 961	3 681	8	3 059	29	11 152	9 831	13	13 247				
Net expected credit losses	-349	-262	33	-137	154	-1 007	-373	170	-660				
Imposed levies: Risk tax and resolution fees	-277	-314	-12	-149	87	-913	-446	105	-594				
Operating profit	3 334	3 105	7	2 773	20	9 232	9 013	2	11 993				
Cost/Income ratio	0.39	0.41		0.43		0.40	0.41		0.41				
Business equity, SEK bn	74.9	74.3		65.1		72.9	64.7		64.6				
Return on business equity, %	13.7	12.9		13.1		13.0	14.3		14.3				
FTEs, present ¹⁾	2 196	2 188		2 105		2 193	2 056		2 076				

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

- Increased corporate client activity within the energy segment on the back of surging energy prices
- Hedging and rebalancing needs among institutional clients given increased market volatility
- Operating profit amounted to SEK 3,334m and return on business equity was 13.7 per cent

Comments on the third quarter

Rising inflationary pressure, tighter monetary policies, continued geopolitical uncertainty, and volatile markets adversely impacted the already modest capital markets activity. Corporate lending remained stable whereas client activity within the energy segment increased on the back of surging energy prices.

Within the *large corporate* customer segment, the muted activity in the primary market continued with modest investor risk appetite whereas mergers and acquisitions activity demonstrated more resilience in the seasonally slower third quarter. The interest rate environment was favourable for cash management services. Concurrently client demand for risk management services increased within the commodities area on the back of increased market volatility in the energy sector.

Within the *financial institutions* customer segment, high market volatility continued to impact the overall business sentiment. Currency trading activities continued on elevated

levels and inflation, rising interest rates and geopolitical risks laid ground for both hedging and rebalancing needs for financial institutions in general. The uncertain macroeconomic environment and bearish equity markets led to lower demand for equity products.

Assets under custody declined to SEK 18,091bn (19,591) mainly as a consequence of decreasing asset values.

Operating profit amounted to SEK 3,334m. Net interest income increased by 13 per cent, primarily driven by interest rate hikes. Net fee and commission income decreased by 14 per cent, predominantly reflecting lower investment banking activity. Net financial income increased by 18 per cent driven by higher demand for currency and commodity services. Operating expenses decreased by 1 per cent. Net expected credit losses increased to SEK 349m, with a net expected credit loss level of 10 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 also offered private banking services.

Income statement

SEK m	Q3		Q2		Q3		Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	
Net interest income	3 721	2 878	29	2 693	38	9 329	8 435	11	11 115	
Net fee and commission income	1 242	1 253	-1	1 095	13	3 560	3 059	16	4 183	
Net financial income	128	139	-7	106	21	394	330	19	465	
Net other income	3	6	-53	2	65	11	11	0	15	
Total operating income	5 094	4 276	19	3 896	31	13 295	11 835	12	15 778	
Staff costs	-736	-735	0	-724	2	-2 180	-2 240	-3	-2 944	
Other expenses	-1 064	-1 030	3	-910	17	-3 114	-2 728	14	-3 733	
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-16	-1	-21	-26	-52	-62	-17	-270	
Total operating expenses	-1 816	-1 782	2	-1 655	10	-5 345	-5 029	6	-6 947	
Profit before credit losses and imposed levies	3 278	2 495	31	2 241	46	7 949	6 805	17	8 830	
Net expected credit losses	-212	-138	54	-32		-497	-35		-66	
Imposed levies: Risk tax and resolution fees	-227	-208	9	-80	183	-647	-240	169	-321	
Operating profit	2 839	2 149	32	2 129	33	6 805	6 530	4	8 444	
Cost/Income ratio	0.36	0.42		0.42		0.40	0.42		0.44	
Business equity, SEK bn	44.9	45.2		44.4		45.0	43.6		44.0	
Return on business equity, %	19.5	14.6		14.8		15.5	15.4		14.8	
FTEs, present ¹⁾	3 356	3 243		3 216		3 245	3 313		3 281	

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

- Rising interest rates benefitted the result
- Interest on customer savings accounts was reintroduced
- Operating profit amounted to SEK 2,839m and return on business equity was 19.5 per cent

Comments on the third quarter

With the continued rapid change in interest rates and weak macroeconomic outlook the demand for financial advice from customers remained at a high level.

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 3bn to SEK 296bn (294) while corporate deposits declined in the quarter. Assets under management decreased due to a combination of falling asset values and net outflows.

In the *private customer segment*, growth in household mortgage volumes slowed. In a highly competitive market with contracting mortgage margins, the market share of new mortgages continued to be low. Mortgage volumes were stable and amounted to SEK 561bn (560). The development of deposit volumes was weak. At the end of the quarter, interest on savings accounts was reintroduced. Despite increased market uncertainty net savings was only slightly

negative among private customers but with declining stock markets, assets under management decreased.

In total, lending volumes grew by SEK 3bn to SEK 877bn. Deposit volumes decreased by SEK 13bn and amounted to SEK 481bn.

The operating profit amounted to SEK 2,839m. Net interest income increased by 29 per cent explained by increasing margins on deposits following higher interest rates while lending margins declined. Net fee and commission income remained stable compared with the second quarter in both the card business as well as securities commissions. Corporate card transactions and exchange fees are back at pre-Covid 19 levels. Total operating expenses amounted to SEK 1,816m, an increase by 2 per cent compared with last quarter. Net expected credit losses increased to SEK 212m, with a net expected credit loss level of 8 basis points. 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	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	2021	%	2022	2021	%	2022	2021	%	2021
Net interest income	498	287	73	205	143		1 002	688	46				881
Net fee and commission income	356	366	-3	353	1		1 151	1 024	12				1 401
Net financial income	21	17	23	12	79		56	37	51				64
Net other income	2	1	57	2	1		4	5	-19				9
Total operating income	877	672	31	572	53		2 213	1 755	26				2 354
Staff costs	-185	-180	2	-175	6		-546	-480	14				-668
Other expenses	-199	-209	-4	-158	27		-614	-515	19				-714
Depreciation, amortisation and impairment of tangible and intangible assets	-1	-1	-6	-1	-37		-2	-3	-46				-4
Total operating expenses	-385	-389	-1	-333	15		-1 162	-998	16				-1 386
Profit before losses and imposed levies	492	283	74	239	106		1 051	756	39				968
Net expected credit losses	1	-10		-7			-8	-14	-41				-4
Imposed levies: Risk tax and resolution fees	-18	-16	12	-5			-52	-16					-21
Operating profit	475	256	86	226	110		991	727	36				944
Cost/Income ratio	0.44	0.58		0.58			0.53	0.57					0.59
Business equity, SEK bn	3.5	3.7		3.1			3.5	3.1					3.1
Return on business equity, %	42.2	21.4		22.3			28.8	23.8					23.1
FTEs, present ¹⁾	462	452		419			453	406					412

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

- Strong inflow of new customers
- High demand for investment and advisory services
- Operating profit amounted to SEK 475m and return on business equity was 42.2 per cent

Comments on the third quarter

The third quarter was characterised by further negative stock market development, increased uncertainty and inflation. In this environment, customers' demand for long-term investment advisory services remained at a high level and customers also sought market information updates. The number of customers increased in all geographical locations.

Assets under management decreased by 5 per cent compared with the second quarter. The division's strategic partnership with Ringkjøbing Landbobank, communicated in the second quarter, included a second and final transfer of SEK 10bn of assets under management. Excluding this effect, net inflow amounted to SEK 3bn. The overall stock market development during the quarter impacted assets under management negatively by SEK 40bn.

In the current environment, customer demand for financing was low and loan volumes increased by SEK 1bn to SEK 73 bn. Deposit volumes increased by SEK 1 bn to SEK 143bn.

The operating profit amounted to SEK 475m. Net interest income increased by 73 per cent driven mainly by deposit margins that increased when interest rates increased. Net fee and commission income decreased by 3 per cent, mainly explained by the asset under management development and less activity-driven income. Total operating expenses amounted to SEK 385m, slightly below the second quarter level.

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	Q3		Q2		Q3		Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	
Net interest income	1 047	854	23	773	36	2 709	2 267	19	3 043	
Net fee and commission income	467	455	2	439	6	1 369	1 234	11	1 695	
Net financial income	240	49		78		457	246	86	345	
Net other income	3	4	-26	5	-42	11	11	1	12	
Total operating income	1 758	1 362	29	1 295	36	4 545	3 758	21	5 096	
Staff costs	-331	-320	3	-216	53	-933	-630	48	-882	
Other expenses	-197	-183	8	-275	-28	-573	-810	-29	-1 105	
Depreciation, amortisation and impairment of tangible and intangible assets	-21	-21	1	-8	173	-65	-24	173	-30	
Total operating expenses	-550	-525	5	-499	10	-1 571	-1 464	7	-2 017	
Profit before credit losses and imposed levies	1 208	837	44	796	52	2 974	2 294	30	3 079	
Net expected credit losses	-8	9		123		2	208	-99	216	
Imposed levies: Risk tax and resolution fees	-16	-15	5	-16	1	-46	-46	0	-62	
Operating profit	1 184	832	42	903	31	2 930	2 455	19	3 233	
Cost/Income ratio	0.31	0.39		0.39		0.35	0.39		0.40	
Business equity, SEK bn	13.4	13.1		12.4		13.2	12.3		12.3	
Return on business equity, %	30.0	21.6		24.7		25.1	22.6		22.3	
FTEs, present ¹⁾	2 856	2 906		2 174		2 862	2 198		2 196	

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

- Given the highest inflation in the EU, business sentiment weakened
- Rising eurozone interest rates increased net interest income
- Operating profit amounted to SEK 1,184m and return on business equity was 30.0 per cent

Comments on the third quarter

The Baltic economies showed resilience despite the challenging geopolitical situation. However, the successful replacement of Russian energy imports with the ensuing higher energy prices has, together with food price increases, contributed to a broader inflation in turn leading to a weakening business sentiment.

Record high electricity prices impacted corporate customers' profitability negatively with regional competitiveness reduced as a result. Employers are becoming cautious in hiring. The higher energy prices however provide an incentive to companies to invest in renewable energy production to reduce long-term energy costs.

After a brief recovery period after the Covid-19 restrictions were lifted, consumer confidence slumped again. Although unemployment remained at historically low levels, real household consumption weakened as inflation exceeded net wages growth and the retail sector retracted. Residential property prices increased, the market however is cooling following sharp increases in Euribor rates and decreasing affordability.

Reflecting this, lending volumes to private customers grew at a slower rate during the quarter, while lending activity to corporate customers was led by Estonia and Latvia with

increases observed in the green lending portfolio. Together, lending volumes increased by 2 per cent in local currency during the quarter and amounted to SEK 176bn (170). Driven by Lithuania, deposit volumes from corporate customers rebounded strongly, which, partially offset by the first reduction in all three countries' household savings since before the pandemic, led to an overall increase in deposit volumes in local currency by 3 per cent and amounted to SEK 221bn (211).

Operating profit amounted to SEK 1 184m. Net interest income increased by 21 per cent in local currency, mainly due to the impact of rising eurozone interest rates on deposit and lending volumes, and also on their positive effect on excess liquidity. Net fee and commission income increased by 1 per cent in local currency, due mainly to inflationary effects on card volumes. Net financial income increased fourfold due principally to higher market values of interest rate swaps in the liquidity and banking books following the movements in market interest rates. Operating expenses increased by 3 per cent in local currency due mainly to increased data and staff costs. Net expected credit losses amounted to SEK 8m, or 2 basis points. 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	Q3			Q2			Q3			Jan–Sep			Full year
	2022	2022	%	2021	2021	%	2022	2021	%	2022	2021	%	2021
Net interest income	-10	-5	79	-7	46		-19	-20	-5				-27
Net fee and commission income	631	597	6	708	-11		1 898	2 026	-6				2 788
Net financial income	210	160	31	251	-16		530	751	-29				1 044
Net other income	4	-2		1			8	33	-77				48
Total operating income	835	750	11	954	-12		2 416	2 789	-13				3 853
Staff costs	-182	-182	0	-168	8		-532	-516	3				-690
Other expenses	-170	-162	5	-167	2		-497	-491	1				-667
Depreciation, amortisation and impairment of tangible and intangible assets	-5	-5	1	-5	4		-16	-15	2				-20
Total operating expenses	-357	-349	2	-340	5		-1 045	-1 023	2				-1 377
Profit before credit losses and imposed levies	478	401	19	614	-22		1 372	1 766	-22				2 476
Net expected credit losses	0	0		0			-1	0					0
Imposed levies: Risk tax and resolution fees													
Operating profit	478	401	19	614	-22		1 371	1 767	-22				2 476
Cost/Income ratio	0.43	0.46		0.36			0.43	0.37					0.36
Business equity, SEK bn	5.2	5.2		5.2			5.2	5.3					5.3
Return on business equity, %	34.2	28.7		43.7			32.6	41.5					43.7
FTEs, present ¹⁾	864	855		853			852	857					853

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

- Recovering financial performance in the third quarter
- Stable market share for Swedish life insurance
- Operating profit amounted to SEK 478m and return on business equity was 34.2 per cent

Comments on the third quarter

The prevailing macroeconomic environment with high inflation rates, negative equity markets and rising interest levels, had some negative effects on the savings product market. This, coupled with normal seasonal variations, resulted in a decrease in quarterly total sales by 13 per cent.

Swedish sales of occupational pension were strong throughout the year but decreased compared with the second quarter mainly due to seasonal effects. Endowment products decreased as a consequence of both seasonal variations and the market situation affecting both unit-linked and traditional insurance. Risk insurance sales were also lower.

Baltic sales were up 14 per cent compared with the previous quarter mainly due to strong development in the pension fund area, where customers entering the pension system were onboarded in all three Baltic countries. Risk insurance sales decreased due to seasonal effects.

Despite the somewhat challenging savings market, SEB's market share was maintained at a second position in the Swedish life insurance market, amounting to 13.3 per cent¹⁾. The market share in the Baltic region also remained strong and unchanged.

Although financial markets volatility remained elevated in the third quarter, the market movement effect on asset values was less dramatic than the second quarter. Total assets under management amounted to SEK 419bn, a decrease of 1 per cent. Unit-linked assets represented SEK 346bn (351), traditional and risk insurance assets amounted to SEK 30bn (31) and other savings products SEK 42bn (42).

Operating profit increased to SEK 478m, to a large extent a result of improved income due to high asset values in the first half of the quarter which subsequently subsided. Net fee and commission income increased by 6 per cent, mainly from the unit-linked business. Net financial income increased by 31 per cent. The negative effects of widening credit spreads decreased somewhat compared with the second quarter while the unfavorable development in the equity and fixed income markets towards the end of the quarter affected income in the traditional and other portfolios. Income from risk insurance products decreased. Operating expenses increased by 2 per cent.

Decreasing returns in the Swedish traditional portfolios changed the bonus rate from 3 to 1 per cent as of August 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	Q3		Q2		Q3		Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2021	
Net interest income	9	-2		-5		3	-13		-19	
Net fee and commission income	755	805	-6	806	-6	2 482	2 552	-3	3 620	
Net financial income	15	13	16	5	191	57	9		28	
Net other income	1	1	-3	1	-1	3	3	-14	5	
Total operating income	779	817	-5	807	-3	2 545	2 552	0	3 633	
Staff costs	-141	-144	-2	-140	0	-422	-403	5	-544	
Other expenses	-193	-191	1	-180	7	-574	-551	4	-729	
Depreciation, amortisation and impairment of tangible and intangible assets	-3	-3	2	-3	0	-8	-8	7	-11	
Total operating expenses	-336	-337	0	-323	4	-1 004	-962	4	-1 283	
Profit before credit losses and imposed levies	443	480	-8	484	-8	1 541	1 590	-3	2 350	
Net expected credit losses	0	0		0		0	0		0	
Imposed levies: Risk tax and resolution fees	0	0		0		-1	-1	-37	-1	
Operating profit	443	480	-8	483	-8	1 540	1 589	-3	2 349	
Cost/Income ratio	0.43	0.41		0.40		0.39	0.38		0.35	
Business equity, SEK bn	2.5	2.5		2.4		2.5	2.4		2.4	
Return on business equity, %	55.8	60.1		62.9		64.9	68.8		76.1	
FTEs, present ¹⁾	269	254		251		256	252		252	

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

- Subdued customer willingness to invest and net outflows of assets under management
- SEB-labelled mutual funds classified as Article 8 or 9 represented 83 per cent of total assets under management
- Operating profit amounted to SEK 443m and return on business equity was 55.8 per cent

Comments on the third quarter

The continued turbulent macroeconomic environment with global uncertainties affected the market values negatively. Total assets under management decreased by SEK 38bn to SEK 1,047bn (1,085). The value decreased by SEK 19bn, and the net outflow amounted to SEK 19bn, with outflows in all asset classes but mainly within equities. In general, clients' willingness to invest in the financial markets was dampened during the quarter.

Within *SEB Investment Management* the assets under management, SEB-labelled mutual funds, decreased by SEK 28bn during the quarter and amounted to SEK 660bn (688). There were negative effects in all asset classes, but mainly within equities. SEB-labelled mutual funds classified in line with Article 8 and 9¹ in the Sustainable Finance Disclosure Regulation (SFDR) amounted to SEK 549bn (566) which

represented 83 per cent of SEB-labelled assets under management (82). Out of this total, SEK 532bn was classified as Article 8 and SEK 18bn was classified as Article 9.

Institutional Asset Management was also affected by declining market values and net outflows. One specific business relationship impacting several holdings represented the majority of the total net outflow amounting to SEK 10bn.

Operating income amounted to SEK 779m (817). Net fee and commission income decreased by 6 per cent. Performance fees were lower and amounted to SEK 51m (91). Since average assets under management were lower, base commissions also decreased and amounted to SEK 702m (711). Operating expenses were almost flat. Operating profit amounted to SEK 443m (480).

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	Q3			Q2			Q3			Jan-Sep			Full year
		2022	2022	%	2021	%	2021	2022	2021	%	2022	2021	%	2021
Net interest income	2	8 925	7 742	15	6 612	35	23 728	19 380	22	26 097				26 097
Net fee and commission income	3	5 261	5 498	-4	5 202	1	16 157	15 258	6	21 142				21 142
Net financial income	4	2 324	1 154	101	2 119	10	5 812	6 718	-13	8 235				8 235
Net other income		41	47	-14	38	6	62	155	-60	164				164
Total operating income		16 551	14 441	15	13 971	18	45 759	41 511	10	55 638				
Staff costs		-4 028	-4 017	0	-3 862	4	-11 808	-11 577	2	-15 372				-15 372
Other expenses		-1 755	-1 706	3	-1 336	31	-5 004	-4 148	21	-5 763				-5 763
Depreciation, amortisation and impairment of tangible and intangible assets		- 510	- 478	7	- 473	8	-1 476	-1 424	4	-2 110				-2 110
Total operating expenses		-6 293	-6 201	1	-5 671	11	-18 288	-17 148	7	-23 245				
Profit before credit losses and imposed levies		10 258	8 240	24	8 300	24	27 472	24 363	13	32 393				
Net expected credit losses	5	- 567	- 399	42	- 49		-1 501	- 211		- 510				- 510
Imposed levies: Risk tax and resolution fees	6	- 572	- 556	3	- 255	125	-1 711	- 764	124	-1 019				-1 019
Operating profit		9 118	7 285	25	7 997	14	24 260	23 388	4	30 864				
Income tax expense		-1 807	-1 443	25	-1 363	33	-4 705	-4 163	13	-5 441				-5 441
NET PROFIT		7 311	5 842	25	6 634	10	19 555	19 225	2	25 423				
Attributable to shareholders of Skandinaviska Enskilda Banken AB		7 311	5 842	25	6 634	10	19 555	19 225	2	25 423				25 423
Basic earnings per share, SEK		3.43	2.73		3.06		9.13	8.88		11.75				11.75
Diluted earnings per share, SEK		3.40	2.71		3.04		9.06	8.82		11.67				11.67

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

Statement of comprehensive income

SEK m	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2021	2022	2021	%	2022	2021	%	2021
NET PROFIT	7 311	5 842	25	6 634	10	19 555	19 225	2	25 423				
Cash flow hedges	28	24	17	0		83	25		29				29
Translation of foreign operations	64	1 211	-95	81	-21	1 440	351		680				680
Items that may subsequently be reclassified to the income statement:	92	1 235	-93	81	13	1 523	376		708				
Own credit risk adjustment (OCA) ¹⁾	- 3	20		6		51	9		14				14
Defined benefit plans	- 868	226		1 150		198	9 172	-98	14 061				14 061
Items that will not be reclassified to the income statement:	- 871	246		1 156		249	9 180	-97	14 075				
OTHER COMPREHENSIVE INCOME	- 779	1 481		1 238		1 772	9 556	-81	14 783				
TOTAL COMPREHENSIVE INCOME	6 532	7 323	-11	7 872	-17	21 327	28 781	-26	40 206				
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 532	7 323	-11	7 872	-17	21 327	28 781	-26	40 206				40 206

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

Balance sheet, condensed

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Cash and cash balances at central banks	848 578	825 404	439 344
Loans to central banks	42 796	18 297	4 454
Loans to credit institutions ²⁾	95 378	100 947	60 009
Loans to the public	2 119 020	1 994 520	1 846 362
Debt securities	315 588	341 749	205 950
Equity instruments	76 245	94 826	120 742
Financial assets for which the customers bear the investment risk	344 128	349 375	422 497
Derivatives	322 349	284 611	126 051
Other assets	112 633	102 953	78 822
TOTAL ASSETS	4 276 714	4 112 682	3 304 230
Deposits from central banks and credit institutions	202 105	175 810	75 206
Deposits and borrowings from the public ¹⁾	2 126 881	2 072 543	1 597 449
Financial liabilities for which the customers bear the investment risk	345 949	351 357	424 226
Liabilities to policyholders	30 544	31 729	34 623
Debt securities issued	840 506	818 889	730 106
Short positions	67 279	41 951	34 569
Derivatives	327 922	296 473	118 173
Other financial liabilities	6 810	6 860	5 721
Other liabilities	130 605	124 281	90 929
Total liabilities	4 078 600	3 919 893	3 111 002
Equity	198 115	192 789	193 228
TOTAL LIABILITIES AND EQUITY	4 276 714	4 112 682	3 304 230
1) Deposits covered by deposit guarantees	399 900	403 563	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-Sep 2022							
Opening balance	21 942	-223	-18	-561	19 798	152 290	193 228
Net profit						19 555	19 555
Other comprehensive income (net of tax)		51	83	1 440	198		1 772
Total comprehensive income		51	83	1 440	198	19 555	21 327
Dividend to shareholders						-12 884	-12 884
Bonus issue	154					-154	
Cancellation of shares	-154					-1 722	-1 876
Equity-based programmes						-150	-150
Change in holdings of own shares ⁴⁾						-1 531	-1 531
Closing balance	21 942	-171	64	879	19 996	155 405	198 115
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-Sep 2021							
Opening balance	21 942	-236	-47	-1 241	5 737	145 788	171 943
Net profit						19 225	19 225
Other comprehensive income (net of tax)		9	25	351	9 172		9 556
Total comprehensive income		9	25	351	9 172	19 225	28 781
Dividend to shareholders						-8 871	-8 871
Equity-based programmes ³⁾						-290	-290
Change in holdings of own shares ³⁾⁴⁾						16	16
Closing balance³⁾	21 942	-228	-22	-890	14 909	155 868	191 579

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

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

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

4) Number of shares owned by SEB:

	Jan-Sep 2022	Jan-Dec 2021	Jan-Sep 2021
Number of shares owned by SEB, million			
Opening balance	37.8	32.2	32.2
Repurchased shares for equity-based programmes	4.5	2.9	2.9
Sold/distributed shares	-5.9	-7.5	-7.1
Repurchased shares for capital management purposes	30.2	10.2	
Cancelled shares held for capital management purposes	-15.4		
Closing balance	51.2	37.8	28.0
Market value of shares owned by SEB, SEK m	5 465	4 754	3 475
Net acquisition cost for purchase of own shares for equity based programmes deducted from equity, period	23	361	322
Net acquisition cost for purchase of own shares for equity-based programmes deducted from equity, accumulated	-2 435	-2 458	-2 497

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-Sep			Full year
	2022	2021	%	2021
Cash flow from the profit and loss statement	3 763	310		- 199
Increase (-)/decrease (+) in trading portfolios	- 27 718	- 109 705	- 75	35 465
Increase (+)/decrease (-) in issued short term securities	108 623	19 610		- 17 662
Increase (-)/decrease (+) in lending	- 344 938	- 90 273		- 91 432
Increase (+)/decrease (-) in deposits and borrowings	655 876	436 018	50	190 114
Increase/decrease in other balance sheet items	2 335	13 017	- 82	14 005
Cash flow from operating activities	397 940	268 976	48	130 291
Cash flow from investing activities	- 1 089	- 634	72	- 846
Cash flow from financing activities	- 16 209	- 8 871	83	- 22 227
Net increase in cash and cash equivalents	380 643	259 471	47	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	29 240	4 323		7 251
Net increase in cash and cash equivalents	380 643	259 471	47	107 218
Cash and cash equivalents at the end of period¹⁾	855 599	595 041	44	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. 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	Q3			Q2		Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021
Interest income ¹⁾	14 921	10 120	47	7 911	89	33 440	23 488	42	31 383			
Interest expense	-5 996	-2 378	152	-1 300		-9 711	-4 108	136	-5 286			
Net interest income	8 925	7 742	15	6 612	35	23 728	19 380	22	26 097			
1) Of which interest income calculated using the effective interest method	13 256	8 997	47	7 032	89	29 685	20 728	43	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	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Issue of securities and advisory services	334	410	-19	464	-28	1 166	1 398	-17	1 954				
Secondary market and derivatives	465	544	-15	432	8	1 570	1 467	7	2 014				
Custody and mutual funds	2 495	2 525	-1	2 441	2	7 782	7 182	8	10 004				
<i>Whereof performance fees</i>	61	133	-54	40	53	358	375	-4	675				
Payments, cards, lending, deposits, guarantees and other	3 119	3 223	-3	2 667	17	9 147	7 562	21	10 485				
<i>Whereof payments and card fees</i>	1 769	1 720	3	1 406	26	4 964	3 893	28	5 384				
<i>Whereof lending</i>	825	994	-17	776	6	2 623	2 216	18	3 200				
Life insurance commissions	354	350	1	416	-15	1 080	1 241	-13	1 672				
Fee and commission income	6 766	7 052	-4	6 421	5	20 744	18 850	10	26 129				
Fee and commission expense	-1 505	-1 555	-3	-1 218	24	-4 588	-3 592	28	-4 987				
Net fee and commission income	5 261	5 498	-4	5 202	1	16 157	15 258	6	21 142				
<i>Whereof Net securities commissions</i>	2 397	2 427	-1	2 675	-10	7 552	7 931	-5	11 079				
<i>Whereof Net payment and card fees</i>	1 182	1 177	0	913	29	3 327	2 527	32	3 512				
<i>Whereof Net life insurance commissions</i>	257	230	12	299	-14	763	881	-13	1 207				
<i>Whereof Other commissions</i>	1 426	1 664	-14	1 315	8	4 515	3 920	15	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
Q3 2022									
Issue of securities and advisory	321	2	11			0	0		334
Secondary market and derivatives	398	0	58	7	0	3	-1	0	465
Custody and mutual funds	426	258	244	54	51	1 755	0	-294	2 495
Payments, cards, lending, deposits, guarantees and other	1 203	1 318	67	598	51	16	87	-219	3 119
Life insurance commissions					777			-423	354
Fee and commission income	2 347	1 578	380	659	879	1 774	86	-937	6 766
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
Jan-Sep 2022									
Issue of securities and advisory	1 129	7	30			0	0		1 166
Secondary market and derivatives	1 309	16	217	26	0	10	-9	0	1 570
Custody and mutual funds	1 249	783	779	158	153	6 005	0	-1 346	7 782
Payments, cards, lending, deposits, guarantees and other	3 921	3 712	203	1 722	153	51	232	-847	9 147
Life insurance commissions					2 380			-1 301	1 080
Fee and commission income	7 608	4 519	1 229	1 905	2 687	6 066	224	-3 494	20 744
Jan-Sep 2021									
Issue of securities and advisory	1 361	6	32	0	0	0	0		1 398
Secondary market and derivatives	1 192	102	178	33	0	-17	-9	-13	1 467
Custody and mutual funds	1 103	833	715	155	159	5 928	1	-1 713	7 182
Payments, cards, lending, deposits, guarantees and other	3 449	2 915	182	1 516	155	52	239	-945	7 562
Life insurance commissions					2 591			-1 350	1 241
Fee and commission income	7 104	3 856	1 108	1 704	2 905	5 963	231	-4 021	18 850

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	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Equity instruments and related derivatives	-145	-55	161	819		-71	2 448					2 387	
Debt instruments and related derivatives	376	-485		55		57	413	-86				558	
Currency and related derivatives	1 501	1 180	27	910	65	3 990	2 607	53				3 488	
Other	591	515	15	334	77	1 836	1 250	47				1 802	
Net financial income	2 324	1 154	101	2 119	10	5 812	6 718	-13				8 235	
<i>Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives</i>	-33	-76		71		140	335					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	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Impairment gains or losses - Stage 1	-336	-116	190	6		-873	85					-105	
Impairment gains or losses - Stage 2	39	-134		17	128	159	-209					-233	
Impairment gains or losses - Stage 3	-272	-137	98	-108	151	-782	-124					-185	
Impairment gains or losses	-568	-388	47	-85		-1 496	-248					-523	
Write-offs and recoveries													
Total write-offs	-424	-377	13	-666	-36	-2 161	-1 487	45				-2 624	
Reversals of allowance for write-offs	374	306	22	622	-40	1 991	1 333	49				2 395	
Write-offs not previously provided for	-51	-71	-29	-44	14	-170	-154	11				-229	
Recovered from previous write-offs	51	60	-15	81	-37	166	191	-13				242	
Net write-offs	0	-11	-103	37	-99	-5	37					13	
Net expected credit losses	-567	-399	42	-49		-1 501	-211					-510	
Net ECL level, %	0.08	0.06		0.01		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	Q3			Q2			Q3			Jan-Sep			Full year
	2022	2022	%	2021	%	2022	2021	%	2022	2021	%	2021	
Risk tax	-296	-296	0			-887							
Resolution fees	-277	-260	6	-255	9	-824	-764	8				-1 019	
Imposed levies: Risk tax and resolution fees	-572	-556	3	-255	125	-1 711	-764	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

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Pledged assets for own liabilities ¹⁾	566 196	630 844	541 308
Pledged assets for liabilities to insurance policyholders	376 492	383 086	458 849
Other pledged assets ²⁾	83 869	87 922	66 226
Pledged assets	1 026 556	1 101 851	1 066 382
Contingent liabilities ³⁾	183 034	173 982	160 294
Commitments	812 247	815 181	813 936
Obligations	995 281	989 164	974 231

1) Of which collateralised for own issued covered bonds SEK 330,896m (325,969; 293,858).

2) Of which securities lending SEK 56m (55; 897) and pledged but unencumbered bonds SEK 32,362m (38,708; 33,424).

3) Of which financial guarantees SEK 12,141m (11,068; 10,281).

Note 8 Financial assets and liabilities

SEK m	30 Sep 2022		30 Jun 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans ¹⁾	3 103 135	3 067 609	2 936 586	2 904 776	2 348 011	2 346 280
Debt securities	315 588	315 416	341 749	341 735	205 950	205 919
Equity instruments	76 245	76 245	94 826	94 826	120 742	120 742
Financial assets for which the customers bear the investment risk	344 128	344 128	349 375	349 375	422 497	422 497
Derivatives	322 349	322 349	284 611	284 611	126 051	126 051
Other	47 809	47 809	34 539	34 539	16 282	16 282
Financial assets	4 209 254	4 173 556	4 041 686	4 009 862	3 239 534	3 237 772
Deposits	2 328 986	2 328 228	2 248 353	2 247 786	1 672 655	1 673 103
Financial liabilities for which the customers bear the investment risk	345 949	345 949	351 357	351 357	424 226	424 226
Debt securities issued ²⁾	870 314	863 154	847 830	842 906	758 655	765 856
Short positions	67 279	67 279	41 951	41 951	34 569	34 569
Derivatives	327 922	327 922	296 473	296 473	118 173	118 173
Other	67 499	67 501	56 537	56 548	20 961	20 962
Financial liabilities	4 007 949	4 000 033	3 842 500	3 837 020	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 Sep 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		145 564	1 402	146 966		85 032	70	85 102
Debt securities	163 254	141 786	1 144	306 184	95 783	101 575	49	197 407
Equity instruments	53 221	900	22 124	76 245	100 548	558	19 635	120 742
Financial assets for which the customers bear the investment risk	324 343	11 202	8 583	344 128	404 178	10 545	7 774	422 497
Derivatives	2 338	319 703	308	322 349	1 115	124 632	305	126 051
Investment in associates ¹⁾	35		532	567	80		622	702
Total	543 191	619 154	34 094	1 196 439	601 704	322 341	28 456	952 501
Liabilities								
Deposits		16 503		16 503		10 169		10 169
Financial liabilities for which the customers bear the investment risk	326 163	11 202	8 583	345 949	405 907	10 545	7 774	424 226
Debt securities issued		6 853		6 853		10 453		10 453
Short positions	47 274	20 005		67 279	14 887	19 683		34 569
Derivatives	2 135	325 420	367	327 922	872	116 973	329	118 173
Other financial liabilities at fair value	179	6 631		6 810	4	5 717		5 721
Total	375 752	386 614	8 950	771 316	421 670	173 539	8 103	603 312

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

Fair value measurement

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

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

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

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

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

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

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

Level 1: Quoted market prices

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

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

The note continues on the next page

Note 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. At the end of the third quarter approximately SEK 1.5bn in loans moved into Level 3 due to less observable inputs from market data. The largest open market risk within Level 3 financial instruments remains in the traditional life insurance investment portfolios within the insurance business.

	Opening balance	Reclassification	Gain/loss in Income statement ¹⁾	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Closing balance
	1 Jan 2022									30 Sep 2022
Changes in level 3, SEK m										
Assets										
Loans	70		-72		-94	1	1 474		23	1 402
Debt securities	49		-11	1 045			81	-49	29	1 144
Equity instruments	19 635	20	2 788	3 314	-3 276			-643	286	22 124
Financial assets for which the customers bear the investment risk	7 774		-537	904	-509		936	-462	477	8 583
Derivatives	305		392		-2	-387				308
Investment in associates	622	-20	-165	95						532
Total	28 456		2 395	5 358	-3 881	-386	2 491	-1 154	815	34 094
Liabilities										
Financial liabilities for which the customers bear the investment risk	7 774		-538	902	-510		939	-460	476	8 583
Derivatives	329		126			-89			1	367
Total	8 103		-412	902	-510	-89	939	-460	477	8 950

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 Sep 2022				31 Dec 2021			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾⁴⁾	308	-359	-51	58	303	-325	-22	36
Debt instruments ³⁾	1 417		1 417	213	119		119	6
Equity instruments ²⁾⁵⁾⁶⁾	4 902		4 902	907	5 951		5 951	1 043
Insurance holdings - Financial instruments ³⁾⁴⁾⁶⁾⁷⁾	17 653		17 653	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 Sep 2022	30 Jun 2022	31 Dec 2021
Stage 1 (12-month ECL)			
Debt securities	9 404	8 476	8 544
Loans ¹⁾	2 047 445	1 957 263	1 772 979
Financial guarantees and Loan commitments	806 855	811 234	830 403
Gross carrying amounts/Nominal amounts Stage 1	2 863 705	2 776 973	2 611 926
Debt securities	0	0	-1
Loans ¹⁾	-1 776	-1 393	-984
Financial guarantees and Loan commitments	-535	-558	-375
ECL allowances Stage 1	-2 310	-1 950	-1 358
Debt securities	9 404	8 476	8 543
Loans ¹⁾	2 045 670	1 955 871	1 771 996
Financial guarantees and Loan commitments	806 321	810 677	830 028
Carrying amounts/Net amounts Stage 1	2 861 395	2 775 023	2 610 568
Stage 2 (lifetime ECL)			
Loans ¹⁾²⁾	72 672	66 882	62 127
Financial guarantees and Loan commitments	15 098	16 449	15 873
Gross carrying amounts/Nominal amounts Stage 2	87 770	83 331	78 000
Loans ¹⁾²⁾	-1 433	-1 448	-1 456
Financial guarantees and Loan commitments	-153	-144	-198
ECL allowances Stage 2	-1 586	-1 592	-1 654
Loans ¹⁾²⁾	71 239	65 433	60 671
Financial guarantees and Loan commitments	14 945	16 306	15 675
Carrying amounts/Net amounts Stage 2	86 184	81 739	76 346
Stage 3 (credit impaired/lifetime ECL)			
Loans ¹⁾³⁾	8 735	8 765	9 827
Financial guarantees and Loan commitments ³⁾	370	355	170
Gross carrying amounts/Nominal amounts Stage 3	9 105	9 120	9 997
Loans ¹⁾³⁾	-4 912	-4 930	-5 707
Financial guarantees and Loan commitments ³⁾	-194	-126	-67
ECL allowances Stage 3	-5 106	-5 056	-5 774
Loans ¹⁾³⁾	3 823	3 835	4 119
Financial guarantees and Loan commitments ³⁾	176	229	103
Carrying amounts/Net amounts Stage 3	4 000	4 064	4 223

The note continues on the next page.

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

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Total			
Debt securities	9 404	8 476	8 544
Loans ¹⁾²⁾³⁾	2 128 852	2 032 910	1 844 932
Financial guarantees and Loan commitments ³⁾	822 323	828 039	846 446
Gross carrying amounts/Nominal amounts	2 960 580	2 869 424	2 699 923
Debt securities	0	0	-1
Loans ¹⁾²⁾³⁾	-8 120	-7 771	-8 147
Financial guarantees and Loan commitments ³⁾	-881	-827	-640
ECL allowances	-9 002	-8 598	-8 786
Debt securities	9 404	8 476	8 543
Loans ¹⁾²⁾³⁾	2 120 733	2 025 139	1 836 787
Financial guarantees and Loan commitments ³⁾	821 442	827 212	845 806
Carrying amounts/Net amounts	2 951 579	2 860 826	2 691 136

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

2) Whereof gross carrying amounts SEK 1,653m (2,046; 1,858) and ECL allowances SEK 2m (2; 1) under Lifetime ECLs - simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 1,912m (1,960; 1,818) and ECL allowances SEK 1,502m (1,457; 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, %	0.41	0.43	0.53
Stage 3 loans / Total loans, net, %	0.18	0.19	0.22
ECL coverage ratio Stage 1, %	0.08	0.07	0.05
ECL coverage ratio Stage 2, %	1.81	1.91	2.12
ECL coverage ratio Stage 3, %	56.07	55.44	57.76
ECL coverage ratio, %	0.30	0.30	0.33

Development of exposures and ECL allowances by stage

In the third quarter 2022, the continued strengthening of EUR and, in particular, USD against SEK led to higher gross exposures and ECL allowances in all stages. Currency effects were more pronounced in ECL allowances in Stage 3, however, the increase was offset by write-offs against reserves. Gross loans in stage 3 were stable at SEK 8.7bn (8.8), corresponding to 0.41 per cent of total loans (0.43). Stage 1 and 2 ECL allowances increased mainly from the further downward revisions to the macroeconomic scenarios, partly offset by a release of the oil portfolio model overlay.

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 expert credit judgement depends on model outcome, materiality and information available. ECJ may be applied to incorporate factors not captured by the models, either on counterparty or portfolio level.

Model overlays on portfolio level using ECJ are determined through top-down scenario analysis, including various scenarios of risk migration of complete portfolios. This is 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 ECL allowances.

In the third quarter, the portfolio model overlays decreased from SEK 2bn to SEK 1.9bn, as the model overlay for the oil portfolio was fully released. Of the remaining model overlays, SEK 0.8bn in the Corporate & Private Customers division, SEK 0.6bn is in the Large Corporates & Financial Institutions division, SEK 0.4bn in the Baltic division and SEK 0.1bn in the Private Wealth Management & Family Office division. These model overlays have been made mainly to reflect the risks from higher energy prices, supply chain issues and inflation.

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, 2023 global GDP forecast has been revised downwards due to a worsening energy crisis pressuring households and businesses and rising inflation forcing central banks to continue hiking key rates. Western Europe is expected to enter a mild recession with near-zero growth in 2023 following a consumption-driven slowdown starting during the fall of 2022. There are still post-pandemic savings buffers that can be used for pent-up consumption needs, global supply chain disruptions are easing and the labour markets have been very resilient so far. In the short-term, energy prices are contributing to significant upward revisions of inflation forecasts in Europe. However, central banks in Western Europe are expected to end their hiking cycles at around 2-3 per cent in early 2023. Rising unemployment and modest long-term inflation expectations will create room for interest rate cuts further ahead, supporting a cautious recovery during 2024. A further description of the scenarios is available in the Nordic Outlook update published in August 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	3.1%	2.6%	4.0%
OECD GDP growth	2.4%	0.9%	2.2%
Sweden			
GDP growth	2.6%	0.0%	1.7%
Household consumption expenditure growth	1.6%	-0.9%	2.0%
Interest rate (STIBOR)	2.25%	2.35%	1.80%
Residential real estate price growth	-8.0%	-4.0%	2.0%
Baltic countries			
GDP growth	1.2% - 2.5%	0.5% - 1.3%	3.5% - 3.7%
Household consumption expenditure growth	2.0% - 5.1%	0.0% - 1.0%	3.0% - 4.0%
Inflation rate	16.5% - 18.2%	6.0% - 9.9%	1.6% - 2.5%
Nominal wage growth	6.5% - 12.2%	7.5% - 8.5%	6.5% - 7.5%
Unemployment rate	5.8% - 6.9%	6.8% - 7.1%	6.0% - 6.8%

The negative scenario assumes a deepening energy crisis in Europe. A widespread energy rationing in the winter could lead to a much deeper recession than the base scenario. The upside potential is limited and a faster end to the Russia-Ukraine war or unexpectedly strong adaptability in Western Europe could be part of such a scenario. It is also conceivable that the strength of the downturn in inflation over a longer period is underestimated.

The probability for the base scenario was lowered from 60 to 55 per cent, while the probability for the negative scenario was maintained at 30 per cent and the probability for the positive scenario was raised from 10 to 15 per cent. The scenario probabilities were adjusted after the publication of the Nordic Outlook in August 2022, referred to above.

The update of the macroeconomic parameters and scenario weights led to an increase of total ECL allowances in the third quarter 2022. Should the positive and negative scenarios be assigned 100 per cent probability, the model calculated ECL allowances would decrease by 4 per cent and increase by 6 per cent respectively compared to the probability-weighted calculation.

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

Note 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	222	-189	-203	-169
Changes due to change in credit risk	516	73	863	1 453
Changes due to modifications	2	11	0	13
Decreases in ECL allowances due to write-offs			-1 991	-1 991
Change in exchange rates	52	82	534	668
ECL allowance as of 30 September 2022	1 776	1 433	4 912	8 120
Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2021	375	198	67	640
New and derecognised financial assets, net	-5	-34	-52	-91
Changes due to change in credit risk	138	-21	173	290
Changes due to modifications		1		1
Change in exchange rates	26	8	6	41
ECL allowance as of 30 September 2022	535	153	194	881
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	218	-223	-254	-260
Changes due to change in credit risk	654	53	1 036	1 743
Changes due to modifications	2	12	0	13
Decreases in ECL allowances due to write-offs			-1 991	-1 991
Change in exchange rates	79	90	541	709
ECL allowance as of 30 September 2022	2 310	1 586	5 106	9 002

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	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		
30 Sep 2022									
Banks	213 448	2 962	22	216 432	-10	-3	-5	-18	216 414
Finance and insurance	190 239	1 559	116	191 913	-291	-3	-7	-301	191 612
Wholesale and retail	76 507	2 597	138	79 243	-141	-100	-71	-312	78 930
Transportation	28 833	1 540	286	30 659	-47	-39	-60	-146	30 513
Shipping	56 450	4 127	1 477	62 054	-20	-30	-1 226	-1 277	60 777
Business and household services	197 690	9 949	1 651	209 291	-402	-303	-923	-1 628	207 662
Construction	14 402	1 189	413	16 004	-29	-44	-216	-289	15 715
Manufacturing	113 612	7 076	2 187	122 875	-167	-141	-1 456	-1 764	121 111
Agriculture, forestry and fishing	30 562	1 020	117	31 699	-26	-12	-29	-68	31 631
Mining, oil and gas extraction	7 790	1 482	12	9 285	-7	-134	-4	-144	9 141
Electricity, gas and water supply	62 587	1 051	304	63 943	-37	-45	-80	-162	63 780
Other	28 002	1 587	74	29 663	-52	-57	-25	-134	29 528
Corporates	806 674	33 177	6 777	846 627	-1 220	-908	-4 098	-6 227	840 401
Commercial real estate management	167 956	3 150	130	171 236	-107	-55	-56	-218	171 018
Residential real estate management	130 082	1 512	36	131 630	-61	-4	0	-65	131 565
Real Estate Management	298 038	4 662	166	302 866	-168	-59	-56	-283	302 583
Housing co-operative associations	62 901	6 458	2	69 361	0	0	-2	-3	69 359
Public Administration	14 869	393	1	15 263	-1	-1	0	-2	15 260
Household mortgages	611 048	21 247	818	633 113	-101	-171	-218	-490	632 623
Other	40 467	3 774	950	45 190	-274	-291	-531	-1 097	44 093
Households	651 515	25 020	1 767	678 303	-375	-462	-749	-1 587	676 716
TOTAL	2 047 445	72 672	8 735	2 128 852	-1 776	-1 433	-4 912	-8 120	2 120 733
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 Sep 2022	30 Jun 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	159 890	158 539	154 821
Tier 1 capital	175 476	172 926	168 375
Total capital	190 304	187 414	181 737
Total risk exposure amount (TREA)	881 588	851 025	787 490
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	18.1%	18.6%	19.7%
Tier 1 ratio (%)	19.9%	20.3%	21.4%
Total capital ratio (%)	21.6%	22.0%	23.1%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	70 527	68 082	62 999
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	2.0%	1.8%	1.8%
of which: to be made up of CET1 capital (percentage points)	1.4%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.4%	1.4%
Total SREP own funds requirements (% P1+P2R)	10.0%	9.8%	9.8%
Total SREP own funds requirements (amounts)	88 375	83 673	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 (%)	0.6%	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)	7.1%	6.6%	6.6%
Combined buffer requirement (amounts)	62 935	55 897	51 724
Overall capital requirements (% P1+P2R+CBR)	17.2%	16.4%	16.4%
Overall capital requirements (amounts)	151 309	139 570	129 150
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	11.6%	12.2%	13.2%
Pillar 2 Guidance (% P2G)	1.0%	1.5%	1.5%
Pillar 2 Guidance (amounts)	8 816	12 765	11 812
Overall capital requirements and P2G (%)	18.2%	17.9%	17.9%
Overall capital requirements and P2G (amounts)	160 125	152 335	140 962
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	175 476	172 926	168 375
Leverage ratio total exposure measure (amounts)	4 069 779	4 003 075	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)	122 093	120 092	100 574
Pillar 2 Guidance (% P2G)	0.5%	0.5%	0.5%
Pillar 2 Guidance (amounts)	18 314	18 014	15 086
Overall leverage ratio requirements and P2G (%)	3.5%	3.5%	3.5%
Overall leverage ratio requirements and P2G (amounts)	140 407	138 106	115 660

Note 14 Own funds

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	198 115	192 789	193 228
Accrued dividend	-9 548	-6 008	-12 938
Reversal of holdings of own CET1 instruments	2 951	1 629	1 397
Common Equity Tier 1 capital before regulatory adjustments	191 518	188 411	181 687
Additional value adjustments	-1 519	-1 521	-1 133
Goodwill	-4 277	-4 282	-4 261
Intangible assets	-1 175	-1 096	-1 327
Deferred tax assets that rely on future profitability	-9	-8	-7
Fair value reserves related to gains or losses on cash flow hedges	-64	-36	18
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 364	-1 005	-194
Defined-benefit pension fund assets	-17 446	-18 663	-17 211
Direct and indirect holdings of own CET1 instruments	-5 773	-3 260	-2 752
Total regulatory adjustments to Common Equity Tier 1	-31 628	-29 872	-26 866
Common Equity Tier 1 capital	159 890	158 539	154 821
Additional Tier 1 instruments ²⁾	15 586	14 387	13 555
Tier 1 capital	175 476	172 926	168 375
Tier 2 instruments	14 670	14 468	13 826
Net provisioning amount for IRB-reported exposures	1 357	1 219	736
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	14 828	14 488	13 362
Total own funds	190 304	187 414	181 737

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

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

Note 15 Risk exposure amount

SEK m	30 Sep 2022		30 Jun 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	20 990	1 679	19 891	1 591	18 374	1 470
Exposures to institutions	63 346	5 068	60 717	4 857	52 833	4 227
Exposures to corporates	405 687	32 455	390 054	31 204	371 928	29 754
Retail exposures	69 102	5 528	68 819	5 506	66 879	5 350
of which secured by immovable property	45 301	3 624	44 827	3 586	43 718	3 497
of which retail SME	6 636	531	6 249	500	5 621	450
of which other retail exposures	17 165	1 373	17 743	1 419	17 540	1 403
Securitisation positions	2 101	168	1 979	158	1 976	158
Total IRB approach	561 225	44 898	541 459	43 317	511 989	40 959
Credit risk standardised approach						
Exposures to central governments or central banks	13 032	1 043	14 147	1 132	949	76
Exposures to institutions	1 314	105	1 327	106	937	75
Exposures to corporates	5 604	448	6 976	558	6 635	531
Retail exposures	15 764	1 261	15 524	1 242	15 278	1 222
Exposures secured by mortgages on immovable property	2 414	193	2 224	178	2 016	161
Exposures in default	135	11	127	10	45	4
Exposures associated with particularly high risk	528	42	868	69	845	68
Exposures in the form of collective investment undertakings (CIU)	1 329	106	1 540	123	1 540	123
Equity exposures	6 322	506	6 242	499	7 155	572
Other items	10 924	874	10 558	845	9 945	796
Total standardised approach	57 367	4 589	59 532	4 763	45 344	3 628
Market risk						
Trading book exposures where internal models are applied	44 240	3 539	36 888	2 951	26 756	2 140
Trading book exposures applying standardised approaches	9 535	763	9 331	746	5 021	402
Foreign exchange rate risk	5 238	419				
Total market risk	59 014	4 721	46 219	3 698	31 778	2 542
Other own funds requirements						
Operational risk advanced measurement approach	50 403	4 032	50 032	4 003	49 897	3 992
Settlement risk	33	3	6	0	13	1
Credit value adjustment	13 396	1 072	12 634	1 011	9 493	759
Investment in insurance business	23 499	1 880	22 750	1 820	22 527	1 802
Other exposures	3 852	308	3 634	291	3 898	312
Additional risk exposure amount ²⁾	112 799	9 024	114 758	9 181	112 551	9 004
Total other own funds requirements	203 982	16 319	203 814	16 305	198 379	15 870
Total	881 588	70 527	851 025	68 082	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 Sep 2022	30 Jun 2022	31 Dec 2021
Average risk-weight			
Exposures to central governments or central banks	1.9%	1.8%	2.9%
Exposures to institutions	22.1%	22.4%	23.5%
Exposures to corporates	27.3%	27.4%	27.6%
Retail exposures	9.4%	9.3%	9.2%
of which secured by immovable property	6.8%	6.7%	6.7%
of which retail SME	53.9%	52.5%	50.3%
of which other retail exposures	27.9%	28.5%	28.5%
Securitisation positions	16.8%	17.1%	16.9%

Skandinaviska Enskilda Banken AB (publ) – parent company

Income statement

In accordance with FSA regulations	Q3			Q2		Q3		Jan–Sep			Full year
SEK m	2022	2022	%	2021	%	2022	2021	%	2021		
Interest income ¹⁾	13 040	8 438	55	6 445	102	28 491	19 371	47	25 895		
Leasing income	1 313	1 303	1	1 297	1	3 934	3 965	-1	5 268		
Interest expense ²⁾	-6 233	-2 599	140	-1 164		-10 556	-4 001	164	-5 159		
Dividends	773	5 947	-87	145		9 952	2 596		2 596		
Fee and commission income	4 068	4 364	-7	3 799	7	12 786	11 268	13	15 553		
Fee and commission expense	- 958	- 989	-3	- 732	31	-3 118	-2 306	35	-3 210		
Net financial income ¹⁾	1 532	598	156	1 613	-5	3 330	5 156	-35	6 125		
Other income	341	475	-28	354	-4	1 866	1 021	83	1 330		
Total operating income	13 876	17 536	-21	11 757	18	46 683	37 069	26	48 397		
Administrative expenses	-4660	-4695	-1	-4 119	13	-13 781	-12 515	10	-16 207		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 411	-1 391	1	-1 384	2	-4 226	-4 225	0	-5 644		
Total operating expenses	-6 071	-6 086	0	-5 502	10	-18 007	-16 741	8	-21 851		
Profit before credit losses	7 805	11 450	-32	6 254	25	28 676	20 328	41	26 547		
Net expected credit losses	-547	-383	43	-176		-1 480	- 399		- 744		
Impairment of financial assets ³⁾	-1 167	-5 224	-78			-6 631	- 425		-1 911		
Operating profit	6 091	5 843	4	6 078	0	20 565	19 504	5	23 892		
Appropriations	378	331	14	402	-6	1 252	1 348	-7	3 839		
Income tax expense	-1 359	- 788	73	-1 235	10	-3 267	-3 654	-11	-5 332		
Other taxes	32	47	-31	127	-75	79	127	-38	352		
NET PROFIT	5 143	5 434	-5	5 372	-4	18 629	17 326	8	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) Under the current conditions it is not viable for SEB to maintain operations in Russia, and SEB has therefore started scaling these down. This will be done in a responsible and orderly manner and in accordance with regulatory and legal obligations. The Russian Federation has limited different transactions between subsidiaries in Russia with parent companies in unfriendly countries, and limited the amount that may be transferred abroad to a maximum of an aggregated sum of RUB 10m per calendar month. Due to the prevailing uncertainty, an impairment loss of SEK 652m was recognised in Q3. 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. In addition, during the third quarter the subsidiary Skandinaviska Enskilda Ltd, which is being liquidated, was written down by 515m. 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.

Statement of comprehensive income

	Q3			Q2		Q3		Jan–Sep			Full year
SEK m	2022	2022	%	2021	%	2022	2021	%	2021		
NET PROFIT	5 143	5 434	-5	5 372	-4	18 629	17 326	8	22 751		
Cash flow hedges	28	24	17			83	25		29		
Translation of foreign operations	- 102	- 103	-1	- 83	23	- 158	- 52		98		
Items that may subsequently be reclassified to the income statement:	- 74	- 79	-6	- 83	-11	- 75	- 27	178	127		
OTHER COMPREHENSIVE INCOME	- 74	- 79	-6	- 83	-11	- 75	- 27	178	127		
TOTAL COMPREHENSIVE INCOME	5 069	5 355	-5	5 289	-4	18 554	17 299	7	22 878		

Balance sheet, condensed

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Cash and cash balances with central banks	828 575	789 215	371 466
Loans to central banks	4 293	4 973	4 127
Loans to credit institutions	117 775	122 434	70 207
Loans to the public	1 898 558	1 777 948	1 641 332
Debt securities	291 757	317 581	178 441
Equity instruments	53 353	71 210	96 149
Derivatives	310 657	276 138	121 326
Other assets	144 469	135 497	104 787
TOTAL ASSETS	3 649 436	3 494 997	2 587 834
Deposits from central banks and credit institutions	248 540	227 504	85 276
Deposits and borrowings from the public ¹⁾	1 911 199	1 863 099	1 404 490
Debt securities issued	840 424	818 808	730 028
Short positions	67 279	41 951	34 569
Derivatives	314 838	286 191	113 497
Other financial liabilities	6 810	6 860	5 721
Other liabilities	103 341	97 445	59 340
Untaxed reserves	17 155	17 147	17 137
Equity	139 850	135 991	137 776
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	3 649 436	3 494 997	2 587 834
1) Private and SME deposits covered by deposit guarantee	262 473	267 637	255 302
Private and SME deposits not covered by deposit guarantee	165 993	167 541	160 691
All other deposits	1 482 732	1 427 922	988 497
Total deposits from the public	1 911 199	1 863 099	1 404 490

Pledged assets and obligations

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Pledged assets for own liabilities	565 157	629 710	539 115
Other pledged assets	83 812	87 867	65 329
Pledged assets	648 969	717 576	604 443
Contingent liabilities	177 316	171 356	159 445
Commitments	750 685	752 598	754 551
Obligations	928 001	923 954	913 996

Capital adequacy

Capital adequacy analysis

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	133 809	135 103	131 207
Tier 1 capital	149 395	149 490	144 761
Total capital	164 028	163 801	157 935
Total risk exposure amount (TREA)	797 033	770 679	712 916
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	16.8%	17.5%	18.4%
Tier 1 ratio (%)	18.7%	19.4%	20.3%
Total capital ratio (%)	20.6%	21.3%	22.2%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	63 763	61 654	57 033
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	1.7%	1.8%	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)	1.3%	1.4%	1.4%
Total SREP own funds requirements (% P1+P2R)	9.7%	9.8%	9.8%
Total SREP own funds requirements (amounts)	77 606	75 565	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 (%)	0.7%	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)	3.2%	2.6%	2.6%
Combined buffer requirement (amounts)	25 367	20 032	18 339
Overall capital requirements (% P1+P2R+CBR)	12.9%	12.4%	12.4%
Overall capital requirements (amounts)	102 973	95 597	88 204
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	10.8%	11.4%	12.3%
Pillar 2 Guidance (% P2G)	0.0%	0.0%	0.0%
Pillar 2 Guidance (amounts)	0	0	0
Overall capital requirements and P2G (%)	12.9%	12.4%	12.4%
Overall capital requirements and P2G (amounts)	102 973	95 597	88 204
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	149 395	149 490	144 761
Leverage ratio total exposure measure (amounts)	3 795 760	3 747 106	3 065 713
Leverage ratio (%)	3.9%	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)	113 873	112 413	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)	113 873	112 413	91 971

Own funds

SEK m	30 Sep 2022	30 Jun 2022	31 Dec 2021
Shareholders equity according to balance sheet ¹⁾	153 427	149 568	151 353
Accrued dividend	-9 548	-6 008	-12 938
Reversal of holdings of own CET1 instruments	2 951	1 629	1 397
Common Equity Tier 1 capital before regulatory adjustments	146 830	145 190	139 812
Additional value adjustments	-1 471	-1 484	-1 113
Goodwill	-3 358	-3 358	-3 358
Intangible assets	-1 005	-955	-1 196
Fair value reserves related to gains or losses on cash flow hedges	-64	-36	18
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 349	-994	-205
Direct and indirect holdings of own CET1 instruments	-5 773	-3 260	-2 752
Total regulatory adjustments to Common Equity Tier 1	-13 021	-10 087	-8 606
Common Equity Tier 1 capital	133 809	135 103	131 207
Additional Tier 1 instruments ²⁾	15 586	14 387	13 555
Tier 1 capital	149 395	149 490	144 761
Tier 2 instruments	14 670	14 468	13 826
Net provisioning amount for IRB-reported exposures	1 162	1 043	548
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	14 632	14 311	13 174
Total own funds	164 028	163 801	157 935

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

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

Risk exposure amount

SEK m	30 Sep 2022		30 Jun 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	14 799	1 184	14 470	1 158	10 362	829
Exposures to institutions	62 832	5 027	60 207	4 817	52 349	4 188
Exposures to corporates	337 498	27 000	324 085	25 927	308 939	24 715
Retail exposures	44 926	3 594	44 840	3 587	44 205	3 536
of which secured by immovable property	35 185	2 815	34 946	2 796	34 274	2 742
of which retail SME	2 269	182	2 158	173	2 187	175
of which other retail exposures	7 472	598	7 736	619	7 744	619
Securitisation positions	2 101	168	1 979	158	1 976	158
Total IRB approach	462 156	36 972	445 581	35 646	417 831	33 426
Credit risk standardised approach						
Exposures to central governments or central banks						
Exposures to institutions	15 304	1 224	16 926	1 354	11 628	930
Exposures to corporates	2 837	227	3 261	261	3 319	266
Retail exposures	9 168	733	9 021	722	9 001	720
Exposures secured by mortgages on immovable property	2 412	193	2 221	178	2 012	161
Exposures in default	111	9	100	8	24	2
Exposures associated with particularly high risk	528	42	868	69	845	68
Exposures in the form of collective investment undertakings (CIU)	1 329	106	1 540	123	1 540	123
Equity exposures	51 014	4 081	51 592	4 127	43 688	3 495
Other items	3 833	307	3 514	281	2 863	229
Total standardised approach	86 535	6 923	89 042	7 123	74 920	5 994
Market risk						
Trading book exposures where internal models are applied	44 240	3 539	36 888	2 951	26 756	2 140
Trading book exposures applying standardised approaches	9 528	762	9 325	746	4 975	398
Foreign exchange rate risk	5 212	417			4 153	332
Total market risk	58 981	4 718	46 214	3 697	35 883	2 871
Other own funds requirements						
Operational risk advanced measurement approach	39 027	3 122	38 961	3 117	39 185	3 135
Settlement risk	33	3	6	0	13	1
Credit value adjustment	13 366	1 069	12 610	1 009	9 485	759
Investment in insurance business	23 499	1 880	22 750	1 820	22 527	1 802
Other exposures	644	52	763	61	528	42
Additional risk exposure amount ²⁾	112 792	9 023	114 751	9 180	112 544	9 004
Total other own funds requirements	189 361	15 149	189 841	15 187	184 282	14 743
Total	797 033	63 763	770 679	61 654	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 Sep 2022	30 Jun 2022	31 Dec 2021
Average risk-weight			
Exposures to central governments or central banks	1.4%	1.4%	1.9%
Exposures to institutions	22.1%	22.4%	23.5%
Exposures to corporates	24.7%	24.8%	25.0%
Retail exposures	7.4%	7.3%	7.3%
of which secured by immovable property	6.1%	5.9%	5.9%
of which retail SME	35.8%	34.1%	33.8%
of which other retail exposures	40.2%	39.6%	38.5%
Securitisation positions	16.8%	17.1%	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 - September 2021

SEK m	Previously reported	Change in presentation			Restated
	Jan-Sep 2021	Resolution fees	NII adjust- ment	Other	Jan-Sep 2021
Net interest income	19 605	764	- 989		19 380
Net fee and commission income	15 258				15 258
Net financial income	5 729		989		6 718
Net other income	152			3	155
Total operating income	40 744	764	0	3	41 511
Staff costs	-11 577				-11 577
Other expenses	-4 148				-4 148
Depreciation, amortisation and impairment of tangible and intangible assets	-1 424				-1 424
Total operating expenses	-17 148				-17 148
Profit before credit losses and imposed levies	23 596	764	0	3	24 363
Gains less losses from tangible and intangible assets	3			- 3	
Net expected credit losses	- 211				- 211
Imposed levies: Risk tax and resolution fees		- 764			- 764
Operating profit	23 388	0	0	0	23 388
Income tax expense	-4 163				-4 163
NET PROFIT	19 225	0	0	0	19 225
Attributable to shareholders of Skandinaviska Enskilda Banken AB	19 225				19 225

SEB Group reconciliation to previously published figures, third quarter 2021

SEK m	Previously reported	Change in presentation			Restated
	Q3 2021	Resolution fees	NII adjust- ment	Other	Q3 2021
Net interest income	6 639	255	- 282		6 612
Net fee and commission income	5 202				5 202
Net financial income	1 837		282		2 119
Net other income	37			1	38
Total operating income	13 716	255	0	1	13 971
Staff costs	-3 862				-3 862
Other expenses	-1 336				-1 336
Depreciation, amortisation and impairment of tangible and intangible assets	- 473				- 473
Total operating expenses	-5 671				-5 671
Profit before credit losses and imposed levies	8 045	255	0	1	8 300
Gains less losses from tangible and intangible assets	1			- 1	
Net expected credit losses	- 49				- 49
Imposed levies: Risk tax and resolution fees		- 255			- 255
Operating profit	7 997	0	0	0	7 997
Income tax expense	-1 363				-1 363
NET PROFIT	6 634	0	0	0	6 634
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 634				6 634

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 President

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

Stockholm, 26 October 2022

Johan Torgeby
President and chief executive officer

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's review report

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

Introduction

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

Scope of review

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

Conclusion

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

Stockholm, 26 October 2022

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Contacts and calendar

SEB's result for the third quarter 2022

Telephone conference

At 26 October 2022, 9 am CET, Johan Torgeby, SEB's President & CEO, and Masih Yazdi, CFO, will present the results for the third quarter 2022. The presentation will be followed by a Q&A session with Johan Torgeby, Masih Yazdi and Pawel Wyszynski, Head of Investor Relations. The presentation and Q&A will be conducted in English.

To participate in the telephone conference, please call in on +44 1 212 818 004. at least 10 minutes in advance.

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

Media

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

Further information is available from:

Masih Yazdi, Chief Financial Officer

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Pawel Wyszynski, Head of Investor Relations

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Frank Hojem, Head of Corporate Communication

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Skandinaviska Enskilda Banken AB (publ.)

SE-106 40 Stockholm, Sweden

Tel: +46 771 621 000

sebgroup.com

Corporate organisation number: 502032-9081

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

Financial information calendar 2023

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

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

Definitions

Including Alternative Performance Measures¹⁾

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 the SEB behaviours: create value, act long-term and build positive relationships.

Our employees

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

Our history

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

Focus areas

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

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

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

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

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