

Quarterly Report

Second quarter 2023 | January – June 2023

STOCKHOLM 18 JULY 2023



Positively shaping the future.
Today and for generations to come.

SEB

Strength to support our customers

Macroeconomic and geopolitical uncertainty persisted during the second quarter. Global core inflation remained at elevated levels, which prompted central banks to raise interest rates and signal further hikes. So far, the global economy has shown resilience and the equity markets held up well. The US S&P 500 index rose 8 per cent in the second quarter, while the OMX Stockholm Price Index increased marginally.

The negative sentiment surrounding the Swedish economy remained, with concerns regarding the sensitivity to higher interest rates likely contributing to the weakening of the Swedish krona. At the same time, the Swedish economy demonstrated unexpected strength. Companies remained resilient, and the export industry and service sector held up well. The SEB/Deloitte CFO survey in the spring indicated signs of optimism, where the share of CFOs seeing advantageous business opportunities rose to 41 per cent from 38 per cent in autumn last year. Employment is still at historically high levels and public finances are strong, with a low debt-to-GDP ratio. Households' balance sheets remain robust, with total gross assets five times the size of their total debt.

As an industry nation, Sweden is well positioned with developed technology supporting the sustainability transition, an entrepreneurial spirit and a strong export industry. As such, Swedish corporates are well equipped to cater for future global investment needs.

A strong financial result driven by our corporate business

During the second quarter, we saw sound activity among our large corporate customers, reflected in growing lending and deposit volumes and a pick-up in capital markets activity. Financial institutions remained active in the fixed income and foreign exchange markets. Our private customers have continued to adapt to the new interest rate environment by shifting on-demand savings accounts to term deposits. After a few months of negative mortgage lending growth, driven by increased amortisations and subdued market conditions, we saw positive Swedish mortgage lending growth in June, albeit with mortgage margins at record low levels. We note that the net interest margin for Swedish private customers continued to decrease, which means that part of the transitory strength we have seen in net interest income is behind us.

Operating profit increased by 4 per cent compared to the previous quarter. Both operating income and operating expenses increased. Return on equity amounted to 18.8 per cent. Our full-year cost target remains unchanged in local currencies but has increased in SEK-terms given the weaker Swedish krona.

Asset quality continued to be robust and net expected credit losses remained low at 1 basis point. Despite most companies being able to navigate the current interest rate environment, we continued to build reserves mainly for the challenges in the real estate sector by increasing the portfolio model overlay by another SEK 0.3bn in the quarter. Thus, the total portfolio model overlay amounted to SEK 2.6bn.

Our capital buffer remains strong at 450 basis points above the capital requirement. Authorised by the Annual General Meeting, the Board of Directors decided on a new quarterly share buyback programme of SEK 1.25bn until 23 October. Following SEB's latest repurchase programme, that was completed on 14 July, SEB has repurchased shares for capital management purposes for a total amount of SEK 2.5bn year to date.

Executing on our strategy to future-proof our business

In line with our 2030 Strategy to expand corporate banking, and our ambition to grow the card franchise, SEB Kort entered into an agreement in June with Lufthansa Group to acquire AirPlus. Together, SEB Kort and AirPlus will become a European leader in corporate payment solutions. The transaction will provide SEB Kort with additional scale, a strong footprint for further growth in Europe, and a modern IT platform.

According to our strategy to accelerate technology development, we continued to strengthen our capabilities within Artificial Intelligence and explore how it can be used in different areas of the bank to further improve our efficiency. In addition, to meet the growing interest in AI and to accelerate our efforts within savings and investments, SEB Investment Management launched the SEB Artificial Intelligence Fund.

We are proceeding according to plan in terms of our measurable ambitions and goals that form the core of our sustainability strategy and will share our progress later this year. Several initiatives were launched in the second quarter, in line with our aspiration to be a leading catalyst in the sustainability transition. SEB Investment Management introduced a new renewable energy fund, and as part of expanding the commitments and collaborative initiatives on biodiversity also signed a biodiversity pledge – a call for financial actors to measure, target and influence biodiversity and natural values in their portfolios. Furthermore, SEB saw increased interest from our clients in investing in water solutions, with inflows into SEB water themed products boosted by the United Nations' first water conference in 46 years.

Financial strength to continue supporting our customers

Halfway through a year characterised by an uncertain macroeconomic environment, it can be concluded that our diversified business model with broad international presence and universal offering serves us and our customers well. SEB stands strong, with liquidity buffers at historical highs and asset quality remaining solid. Stability and profitability are prerequisites for banks to fulfil their critical role in society – providing the necessary financial infrastructure and supporting companies and households to reach their aspirations.

We aim to positively shape the future with responsible advice and capital. That is how we continue to create value for our customers, shareholders, and societies. This would not be possible without our dedicated employees, who advise and support our customers through good times and bad, with focus on acting long-term and building positive relationships.



*Johan Torgeby
President and CEO*

Second quarter 2023

- Return on equity amounted to 18.8 per cent on a CET1 capital ratio of 19.3 per cent. The capital buffer was 450 basis points above the capital requirement.
- Activity among our large corporate customers was sound, with growing lending and deposit volumes. SEB's dedicated customer focus resulted in a top position in the Foreign Exchange Nordics 2023 Prospera survey.
- SEB entered into an agreement to acquire Airplus, which will further strengthen the card franchise and contribute to the expansion of our corporate banking business
- Asset quality remained robust and net expected credit losses were close to zero, despite an increase in portfolio model overlays.

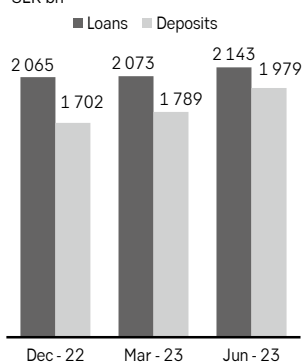
Share buyback

- The Board of Directors resolved to utilise the authorisation granted by the 2023 Annual General Meeting, to initiate a new quarterly share buyback programme of SEK 1.25bn.

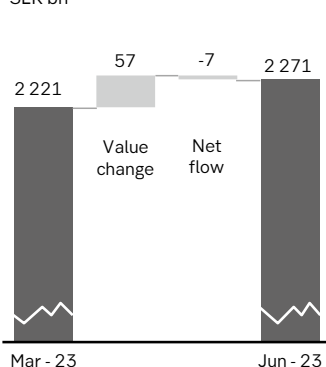
SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Total operating income	20 019	19 060	5	14 390	39	39 078	29 129	34	64 478	
Total operating expenses	-6 948	-6 465	7	-6 201	12	-13 414	-11 995	12	-25 044	
Net expected credit losses	-43	-272	-84	-399	-89	-315	-933	-66	-2 007	
Imposed levies	-934	-702	33	-556	68	-1 636	-1 138	44	-2 288	
Operating profit before items affecting comparability	12 093	11 620	4	7 234	67	23 714	15 062	57	35 138	
Items affecting comparability									-1 399	
Operating profit	12 093	11 620	4	7 234	67	23 714	15 062	57	33 739	
NET PROFIT	9 768	9 393	4	5 790	69	19 161	12 164	58	26 877	
Return on equity, %	18.8	17.9		12.2		18.4	12.7		13.8	
Return on equity excluding items affecting comparability, %	18.8	17.9		12.2		18.4	12.7		14.5	
Basic earnings per share, SEK	4.65	4.45		2.70		9.10	5.67		12.58	

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance contracts. See section on restated comparative figures for further information.

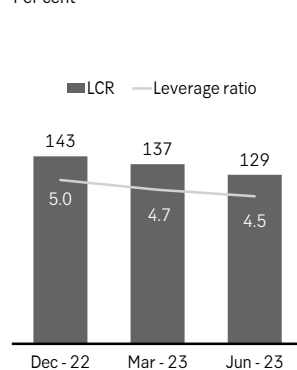
Loans to and deposits from the public
SEK bn



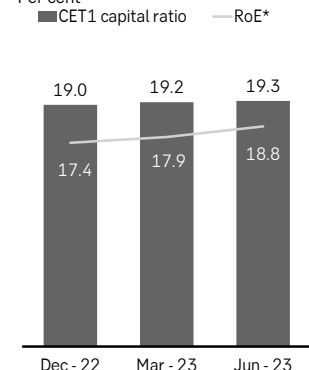
Assets under management
SEK bn



Liquidity coverage & leverage ratios
Per cent



CET1 capital ratio & return on equity
Per cent



*RoE excluding items affecting comparability

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Income statement on a quarterly basis, condensed

	Q2	Q1	Q4	Q3	Q2
SEK m	2023	2023	2022	2022	2022
Net interest income	11 881	11 297	9 715	8 925	7 742
Net fee and commission income	5 637	5 170	5 410	5 257	5 486
Net financial income	2 609	2 403	3 476	2 330	1 115
Net other income	- 108	190	196	41	47
Total operating income	20 019	19 060	18 798	16 552	14 390
Staff costs	-4 330	-4 235	-4 172	-4 028	-4 017
Other expenses	-2 127	-1 748	-1 982	-1 755	-1 706
Depreciation, amortisation and impairment of tangible and intangible assets	- 491	- 483	- 602	- 510	- 478
Total operating expenses	-6 948	-6 465	-6 757	-6 293	-6 201
Profit before credit losses and imposed levies	13 070	12 594	12 041	10 259	8 189
Net expected credit losses	- 43	- 272	- 506	- 567	- 399
Imposed levies	- 934	- 702	- 578	- 572	- 556
Operating profit before items affecting comparability	12 093	11 620	10 957	9 119	7 234
Items affecting comparability			-1 399		
Operating profit	12 093	11 620	9 558	9 119	7 234
Income tax expense	-2 326	-2 227	-2 156	-1 807	-1 444
NET PROFIT	9 768	9 393	7 402	7 311	5 790
Attributable to shareholders of Skandinaviska Enskilda Banken AB	9 768	9 393	7 402	7 311	5 790
Basic earnings per share, SEK	4.65	4.45	3.49	3.43	2.70
Diluted earnings per share, SEK	4.62	4.42	3.46	3.40	2.68

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

Key figures

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Return on equity, % ¹⁾	18.8	17.9	12.2	18.4	12.7	13.8
Return on equity excluding items affecting comparability ¹⁾²⁾ , %	18.8	17.9	12.2	18.4	12.7	14.5
Return on total assets, % ¹⁾	1.0	1.0	0.6	1.0	0.6	0.7
Return on risk exposure amount, % ¹⁾	4.5	4.4	2.7	4.4	2.9	3.2
Cost/income ratio ¹⁾	0.35	0.34	0.43	0.34	0.41	0.39
Basic earnings per share, SEK ¹⁾	4.65	4.45	2.70	9.10	5.67	12.58
Weighted average number of shares ³⁾ , millions	2 100	2 110	2 142	2 105	2 147	2 137
Diluted earnings per share, SEK ¹⁾	4.62	4.42	2.68	9.04	5.62	12.48
Weighted average number of diluted shares ⁴⁾ , millions	2 114	2 126	2 158	2 120	2 163	2 153
Net worth per share, SEK ¹⁾	107.06	108.24	96.79	107.06	96.79	103.23
Equity per share, SEK ¹⁾	99.97	101.29	90.01	99.97	90.01	96.59
Average shareholders' equity, SEK bn ¹⁾	207.7	209.5	189.1	208.0	190.8	195.3
Net ECL level, %	0.01	0.04	0.06	0.02	0.07	0.07
Stage 3 Loans / Total Loans, gross, %	0.28	0.30	0.43	0.28	0.43	0.33
Stage 3 Loans / Total Loans, net, %	0.13	0.13	0.19	0.13	0.19	0.14
Liquidity Coverage Ratio (LCR) ⁵⁾ , %	129	137	135	129	135	143
Net Stable Funding Ratio (NSFR) ⁶⁾ , %	112	111	110	112	110	109
<u>Own funds requirement, Basel III</u>						
Risk exposure amount, SEK m	884 934	866 914	851 025	884 934	851 025	859 320
Expressed as own funds requirement, SEK m	70 795	69 353	68 082	70 795	68 082	68 746
Common Equity Tier 1 capital ratio, %	19.3	19.2	18.6	19.3	18.6	19.0
Tier 1 capital ratio, %	21.0	20.8	20.3	21.0	20.3	20.7
Total capital ratio, %	22.8	22.7	22.0	22.8	22.0	22.5
Leverage ratio, %	4.5	4.7	4.3	4.5	4.3	5.0
Number of full time equivalents ⁷⁾	17 428	16 991	16 277	17 067	16 079	16 283
Assets under custody, SEK bn	19 290	18 822	19 591	19 290	19 591	18 208
Assets under management, SEK bn	2 271	2 221	2 100	2 271	2 100	2 123

1) Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

2) In Q4 2022, an impairment of SEK 1.4bn related to Russia was recognised.

3) At year-end 2022 the number of issued shares was 2,178,721,934 and SEB owned 65,283,469 Class A shares. During 2023 SEB has purchased 6,222,629 shares for the long-term equity programmes and 5,377,826 shares were sold/distributed. During 2023 SEB has purchased 18,567,493 shares for capital purposes and 38,738,439 shares held for capital purposes were cancelled. Thus, at 30 June 2023 the number of issued shares amounted to 2,139,983,495 and SEB held 45,957,326 own Class A-shares with a market value of SEK 5,476m.

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

5) In accordance with the EU delegated act.

6) In accordance with CRR2.

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

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

Restated comparative figures

On 3 April 2023, SEB published a press release with restated comparative figures for 2022 relating to the transition to IFRS 17 Insurance contracts. The restated figures are fully reflected throughout this report. See page 47 for more information and a reconciliation to previously published financial information.

The second quarter

Operating profit increased by 4 per cent compared with the first quarter 2023 to SEK 12,093m (11,620). Year-on-year, operating profit increased by 67 per cent. *Net profit* amounted to SEK 9,768m (9,393).

Operating income

Total operating income increased by 5 per cent compared with the first quarter 2023 and amounted to SEK 20,019m (19,060). Compared with the second quarter 2022, total operating income increased by 39 per cent.

Net interest income increased by 5 per cent, compared with the first quarter, to SEK 11,881m (11,297) and by 53 per cent year-on-year.

SEK m	Q2	Q1	Q2
	2023	2023	2022
Loans to the public	5 164	5 318	6 192
Deposits from the public	4 340	4 126	634
Other, including financing and liquidity	2 377	1 852	916
Net interest income	11 881	11 297	7 742

Net interest income from loans to the public decreased by SEK 154m in the second quarter, mainly due to a negative margin effect from Swedish household mortgage loans. Lending volumes contributed positively.

Net interest income from deposits from the public rose by SEK 214m in the second quarter. The increase was driven by higher deposit volumes and higher margins on deposits as an effect of the increasing interest rate levels.

Other net interest income increased by SEK 525m from the liquidity reserve in the Baltic division and positive effects from lending to other customer categories, such as credit institutes and central banks. The deposit guarantee fees amounted to SEK 114m (113).

Net fee and commission income increased by 9 per cent in the second quarter to SEK 5,637m (5,170). Year-on-year, net fee and commission income increased by 3 per cent.

Equity markets improved compared with the first quarter and gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 89m to SEK 2,383m. Performance fees amounted to SEK 0m (82). Gross fee income from issuance of securities and advisory services increased by 1 per cent in the second quarter to SEK 321m (317). With growing lending volumes, particularly in sustainability-related financing, gross lending fees increased by 20 per cent to SEK 1,011m (846). Gross secondary market and derivatives income increased to SEK 730m (428), however, the underlying activity was little changed with the increase mainly driven by accrual effects.

Net payment and card fees amounted to SEK 1,216m (1,154), an increase of 5 per cent. Payment and card activity had a seasonal pick-up in the quarter and business volumes increased in the inflationary environment.

The net life insurance commissions, related to the unit-linked insurance business, decreased to SEK 224m (255), mainly due to margin pressure.

Net financial income increased by 9 per cent, SEK 206m, to SEK 2,609m in the second quarter (2,403). Year-on-year, net financial income increased by 134 per cent, or SEK 1,494m. Net financial income from the divisions amounted to SEK 2.1bn.

The current market conditions led to high demand for risk management services, mainly relating to fixed income and foreign exchange. Further, the second quarter reflected a positive valuation effect in the Treasury portfolios, albeit at a lower level than in the first quarter.

The fair value credit adjustment¹⁾ amounted to SEK 361m, which was an improvement of SEK 589m compared with the first quarter.

The change in market value of certain strategic holdings amounted to SEK 145m in the second quarter, a positive change of SEK 91m compared with the first quarter.

Net financial income from the Life division increased to SEK 252m (241). Improved market returns and higher interest rates had a positive effect on the traditional portfolios, offset by a decrease in income from risk insurance products.

Net other income was a cost amounting to SEK -108m (190). Unrealised valuation and hedge accounting effects are included in this line item. During the quarter a change in the P27 project was announced whereby the work on creating a joint Nordic payment platform was suspended and focus redirected on future-proofing the Swedish payment infrastructure. As a result, an impairment of SEK 85m was recognised in net other income. Similarly, the joint know-your-customer project Invidem was discontinued at a cost of SEK 10m.

Operating expenses

Total operating expenses increased by 7 per cent, or SEK 483m, in the second quarter and amounted to SEK 6,948m (6,465). Year-on-year, total operating expenses increased by 12 per cent, or SEK 747m, of which SEK 145m was a currency effect.

Staff costs increased by 2 per cent during the second quarter, mainly due to an increase in the number of full-time equivalents to 17,428 (16,991).

Other costs increased by 22 per cent, driven by an increase in IT costs and consulting expenses. Other operating costs increased compared with the first quarter due to variances between quarters impacting fee expenses and operating expenses. Supervisory fees amounted to SEK 50m (48).

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.

Comparative numbers (in parenthesis throughout the report)

Unless otherwise stated:

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

-the result for the first six months is compared with the first six months in the prior year

-business volumes are compared with the prior quarter

Costs developed according to plan for 2023. The cost target for 2023 is outlined on p. 12.

Net expected credit losses

Net expected credit losses amounted to SEK 43m (272), corresponding to a net expected credit loss level of 1 basis points (4). Reversal of provisions for single names had a positive impact. Additional portfolio model overlays at a total amount of SEK 0.3bn were made in the Large Corporate & Financial Institutions and Corporate & Private Customers divisions, mainly to reflect challenges in the real estate sector. The underlying asset quality of the credit portfolio remained robust, but asset quality indicators started to marginally weaken.

For more information on credit risk, asset quality, net expected credit losses and the portfolio model overlays, see p. 10 and notes 5, 11, 12 and 13.

Imposed levies

Imposed levies amounted to SEK 934m (702).

The risk tax on credit institutions in Sweden amounted to SEK 394m (394). The resolution fees amounted to SEK 340m (308).

On 16 May 2023, Lithuania established a temporary (two years) solidarity contribution for credit institutions, the reason being the increase in banks' net interest income when central banks raised interest rates. The contribution is calculated on a formula-defined net interest income tax base and amounted to SEK 201m in the second quarter.

Items affecting comparability

There was no *item affecting comparability* in the second quarter.

Income tax expense

Income tax expense increased to SEK 2,326 (2,227) with an effective tax rate of 19.2 per cent (19.2).

Return on equity

Return on equity for the second quarter improved to 18.8 per cent (17.9).

Other comprehensive income

Other comprehensive income amounted to SEK 1,971m (965).

The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees. Equity markets improved during the quarter and the discount rate used for the Swedish pension obligation increased to 4.1 per cent (3.6). The net value of the defined benefit pension plans therefore increased other comprehensive income by SEK 1,733m (319). The long-term inflation assumption remained unchanged at 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 234m (657).

The first six months

Operating profit increased by 57 per cent compared with the first six months 2022 to SEK 23,714m (15,062). *Net profit* amounted to SEK 19,161m (12,164).

Operating income

Total operating income increased by 34 per cent compared with the first six months 2022 and amounted to SEK 39,078m (29,129).

Net interest income increased by 57 per cent compared with the first six months 2022 and amounted to SEK 23,177m (14,804).

SEK m	Jan-Jun		Change
	2023	2022	%
Loans to the public	10 482	12 498	-16
Deposits from the public	8 466	961	
Other, including financing and liquidity	4 229	1 344	
Net interest income	23 177	14 804	57

Net interest income from loans to the public decreased by SEK 2,016m compared with the first six months 2022, mainly due to a negative margin effect on Swedish household mortgage loans. Loan volumes had a positive effect.

Net interest income from deposits from the public rose by SEK 7,505m compared with the corresponding period in 2022. Starting in the second quarter 2022, central banks have steadily increased interest rates. The higher interest rate levels led to a positive margin effect on deposits from the public.

Other net interest income increased by SEK 2,885m from the liquidity reserve in the Baltic division and positive effects from lending to other customer categories, such as credit institutes and central banks. The deposit guarantee fees amounted to SEK 227m (202).

Net fee and commission income decreased by 1 per cent, compared with the first six months 2022, to SEK 10,807m (10,867).

Equity markets were less advantageous compared with the first six months 2022 and gross fee income from custody and mutual funds, excluding performance fees, decreased by SEK 314m to SEK 4,676m. Performance fees amounted to SEK 82m (297).

In 2023, market conditions reversed and gross fee income from issuance of securities and advisory services decreased by 23 per cent compared with the first six months 2022 to SEK 638m. Gross lending fees increased by 3 per cent to SEK 1,857m. Gross secondary market and derivatives income increased by 5 per cent year-on-year to SEK 1,158m.

Net payment and card fees amounted to SEK 2,370m (2,146), an increase of 10 per cent. Compared with the first half of 2022, mainly card volumes saw an uptick, partly due to the inflation.

The net life insurance commissions, related to the unit-linked insurance business, were flat at SEK 479m (478).

Net financial income increased by SEK 1,576m to SEK 5,012m compared with the first six months 2022 (3,436).

Due to the notable change in market conditions in the first half of 2023 compared with 2022, the portfolio valuations effect was significant, both within the Treasury and Markets areas.

The fair value credit adjustment¹⁾ amounted to SEK 133m, which was a decline of SEK 39m compared with the corresponding period in 2022.

The change in market value of certain strategic holdings versus the first six months prior year amounted to SEK 198m, a positive change of SEK 489m year-on-year.

Net financial income from the Life division increased to SEK 493m (268). Improved market returns and higher interest rates had a positive effect, offset by a decrease in income from risk insurance products.

Net other income amounted to SEK 82m (22). Unrealised valuation and hedge accounting effects are included in this line item. In the second quarter, costs for discontinued projects in the amount of SEK 95m are included.

Operating expenses

Total operating expenses increased by 12 per cent in the first six months and amounted to SEK 13,414m (11,995). The change amounted to SEK 1,419m, of which SEK 256m was a currency effect.

Staff costs were up by 10 per cent year-on-year, reflecting salary adjustments and an increase in number of employees. Other expenses increased by 19 per cent, partly due to the inflationary environment. Supervisory fees amounted to SEK 98m (89).

Net expected credit losses

Net expected credit losses amounted to SEK 315m (933), corresponding to a net expected credit loss level of 2 basis points (7). Reversal of provisions for single names and updated macroeconomic scenarios had a positive impact. Additional portfolio model overlays were made by SEK 0.3bn, mainly to reflect challenges in the real estate sector. The underlying asset quality of the credit portfolio remained robust, but asset quality indicators started to marginally weaken.

Imposed levies

Imposed levies amounted to SEK 1,636m (1,138). The risk tax amounted to SEK 788m (591), the resolution fees to SEK 647m (547) and the new temporary solidarity contribution in Lithuania to SEK 201m.

Items affecting comparability

There was no *item affecting comparability* in the first six months.

Income tax expense

Income tax expense increased to SEK 4,553 (2,898) with an effective tax rate of 19.2 per cent (19.2).

Return on equity

Return on equity for the first six months increased to 18.4 per cent (12.7).

Other comprehensive income

Other comprehensive income amounted to SEK 2,936m (2,557).

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

Business volumes

Total assets as of 30 June 2023 amounted to SEK 4,172bn, representing an increase of SEK 370bn from 31 March 2023 (3,802) and an increase of SEK 640bn from the year-end 2022 balance of SEK 3,533bn.

Loans

	30 Jun	31 Mar	31 Dec
SEK bn	2023	2023	2022
General governments	21	20	27
Financial corporations	133	122	120
Non-financial corporations	1 070	1 036	1 019
Households	726	719	719
Collateral margin	35	57	75
Reverse repos	158	119	106
Loans to the public	2 143	2 073	2 065

Loans to the public increased by SEK 70bn in the second quarter, to SEK 2,143bn.

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 Jun	31 Mar	31 Dec
SEK bn	2023	2023	2022
General governments	70	21	19
Financial corporations	619	481	409
Non-financial corporations	736	726	693
Households	458	442	450
Collateral margin	79	97	119
Repos	17	21	12
Deposits and borrowings from the public	1 979	1 789	1 702

Deposits and borrowings from the public increased by SEK 190bn in the second quarter to SEK 1,979bn. Deposits from financial corporations, which also includes Treasury deposits, increased by SEK 138bn. Non-financial corporations' deposits increased by SEK 10bn in the second quarter and household deposits increased by SEK 16bn.

Debt securities

Debt securities decreased by SEK 5bn to SEK 424bn in the second quarter. The securities are short-term in nature, have high credit worthiness and are recognised at market value.

Assets under management and custody

Total assets under management amounted to SEK 2,271bn (2,221). The market value increased by SEK 57bn during the quarter (107). The net flow of assets under management amounted to SEK -7bn (-10), mainly driven by outflows of institutional mandates.

Assets under custody increased to SEK 19,290bn mainly due to higher asset values (18,822).

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 2022 (see page 83-89 and notes 40 and 41), in the Capital Adequacy and Risk Management Report for 2022 as well as the quarterly additional Pillar 3 disclosures. Further information is available in the Fact Book that is published quarterly.

Credit risk and asset quality

SEK bn	30 Jun	31 Mar	31 Dec
	2023	2023	2022
Banks	135	128	127
Corporates	1 765	1 691	1 687
Commercial real estate management	220	214	209
Residential real estate management	147	147	146
Housing co-operative associations Sweden	68	70	72
Public administration	70	71	91
Household mortgage	685	678	671
Household other	86	83	85
Total credit portfolio	3 177	3 083	3 086

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 94bn in the second quarter to SEK 3,177bn (3,083), largely explained by the weakening of the Swedish krona. The corporate credit portfolio increased by SEK 74bn in the quarter with some underlying credit demand from large corporates. The real estate portfolios, including housing co-operative associations, increased by SEK 6bn, mainly due to currency effects. Household mortgages grew by SEK 7bn due to currency effects and from modestly increased demand in a continued subdued market.

Credit-impaired loans (gross loans in stage 3) decreased to SEK 6.0bn (6.4), corresponding to 0.28 per cent of total loans (0.30), mainly due to write-offs against reserves which were offset by currency effects. Stage 1 ECL allowances decreased mainly due to reversals, while stage 2 ECL allowances increased due to an increase of the portfolio model overlay and negative risk migration. See net expected credit loss comment in note 11.

Notes 12-13 provide a more detailed breakdown of SEB's loan portfolio by industry and asset quality as well as corresponding ECL allowances.

Market risks

Average VaR in the regulatory trading book increased during the second quarter and amounted to SEK 315m (273). 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 with good market access. The loan-to-deposit ratio decreased and was 101 per cent per 30 June 2023 (111).

New issuance during the quarter amounted to SEK 97bn, of which SEK 37bn in covered bonds and SEK 59bn in senior unsecured debt. SEK 11bn of long-term senior debt matured. Short-term funding in the form of commercial paper and certificates of deposit increased by SEK 48bn in the second quarter.

Weighted High Quality Liquid Assets, defined according to the liquidity coverage ratio (LCR) requirements, increased to SEK 1,157bn at 30 June 2023 (891). The LCR was 129 per cent (137). The minimum regulatory requirement is 100 per cent.

The net stable funding ratio (NSFR) requirement is that stable funding shall be at least 100 per cent of illiquid assets. Per 30 June 2023, SEB's NSFR was 112 per cent (111).

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 June 2023.

Moody's rates SEB's long-term senior unsecured debt at Aa3 with stable outlook reflecting the bank's strong asset quality and solid capitalisation, which is expected to demonstrate continued resilience despite a less favourable macroeconomic outlook. The rating was affirmed in July 2023.

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 November 2022.

Risk exposure amount

The total risk exposure amount (REA) increased by SEK 18bn to SEK 885bn during the second quarter.

SEK bn	
Balance 31 Mar 2023	867
Underlying credit risk change	30
- whereof asset size	10
- whereof asset quality	1
- whereof foreign exchange movements	19
Underlying market risk change	-12
- whereof CVA risk	2
Underlying operational risk change	2
Model updates, methodology & policy, other	-3
- whereof credit risk	-3
Balance 30 Jun 2023	885

Credit risk REA increased by SEK 30bn, mainly due to the weakening Swedish krona, but also due to increasing volumes. During the quarter, Baltic internal ratings-based models were updated, increasing REA by SEK 1.2bn while the article 3 add-on of SEK 3.8bn, implemented in first quarter, was released. Market risk REA decreased by SEK 12bn due to improved market conditions, and operational risk REA increased by SEK 2bn.

Capital position

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

Own funds requirement, Basel III	30 Jun	31 Mar	31 Dec
	2023	2023	2022
Risk exposure amount, SEK bn	885	867	859
Common Equity Tier 1 capital ratio, %	19.3	19.2	19.0
Tier 1 capital ratio, %	21.0	20.8	20.7
Total capital ratio, %	22.8	22.7	22.5
Leverage ratio, %	4.5	4.7	5.0

SEB's Common Equity Tier 1 (CET1) capital ratio increased to 19.3 per cent (19.2) during the second quarter. CET1 capital increased by SEK 5bn, mainly driven by the quarterly net result, whereas REA increased by 18bn mainly driven by higher credit risk REA.

SEB's fifth share buyback programme was completed on 14 July 2023 and the Board of Directors has resolved to initiate a new programme to start 19 July 2023. The new programme amounts to SEK 1.25bn and is to be completed by 23 October 2023.

Up until 14 July, SEB has repurchased shares for capital management purposes for a total amount of SEK 2.5bn in 2023.

SEB's applicable CET1 capital requirement and Pillar 2 guidance (P2G) per the end of the second quarter was 14.8 per cent (14.3). The increase was mainly driven by a higher Swedish countercyclical buffer requirement. SEB's target is to have a buffer of 100 to 300 basis points above the regulatory 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 approximately 450 basis points (480).

SEB's leverage ratio was 4.5 per cent at the end of the quarter (4.7) whereas the leverage ratio requirement and P2G was 3.45 per cent (3.45).

The Swedish FSA has informed SEB of its preliminary 2023 SREP (supervisory review and evaluation process) decision. According to the preliminary decision, SEB's Pillar 2 requirement (P2R) would increase by around 0.2 percentage points for CET1. The increase is driven by a temporary add-on for the ongoing review of internal ratings-based (IRB) models, partly offset by the commercial real estate risk-weight floor that is transferred from P2R to Pillar 1 thereby increasing REA. Furthermore, the REA-based Pillar 2 guidance (P2G) would decrease by 0.5 percentage points (from 1.0 per cent to 0.5 per cent) whereas the leverage ratio-based P2G would increase by 0.05 percentage points (from 0.45 per cent to 0.5 per cent). SEB will respond to the preliminary decision and the Swedish FSA will make its final decision effective as of 30 September 2023.

Internally assessed capital requirement

As per 30 June 2023, the internally assessed capital requirement, including insurance risk, amounted to SEK 110bn (106). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the SFSA due to differences in assumptions and methodologies.

The internally assessed capital requirement for the parent company was SEK 93bn (91).

Business development (first six months)

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

Acceleration of efforts

As proof of our efforts to continue to *build on our corporate franchise*, SEB was ranked as the number one foreign exchange bank in the Nordics in a recent survey by Kantar Sifo Prospera.

SEB entered into an agreement to acquire Airplus, a leading corporate payment services provider. Together, SEB Kort and Airplus will create a leading European provider of corporate payment solutions.

SEB's ambition is to be a leading catalyst in the *sustainable transition*, partnering with customers around the low-carbon transition across industries, and developing sustainable products. For the third consecutive year, SEB defended its position as the best Nordic sustainability advisor in the survey conducted by Kantar Sifo Prospera among Nordic large corporates and financial institutions. As the first bank in the Nordics, SEB expanded the range of sustainable financing products with sustainability-linked bank guarantees to large and mid-corporate customers.

SEB has dedicated SEK 600m to greentech investments through SEB Greentech Venture Capital. Investments have been made in eight companies with business ideas that aim to have a substantial impact in reducing greenhouse gas emissions or in preventing transgression of the planetary boundaries. The most recent investment was in the German company Esforin, which has developed a solution for algorithm-based trading that increases flexibility in the energy market and contributes to reducing carbon dioxide emissions by bringing more renewable energy to the grid.

Within *savings and investments*, SEB Investment Management continued to broaden its savings offering, by launching a number of new funds, including SEB Artificial Intelligence Fund and a new Microfinance Fund, the eleventh such fund since 2013. Another new fund invests in small-scale infrastructure for renewable energy, assets that have traditionally been too small to draw the attention of large infrastructure funds and energy companies. The fund company also strengthened its policy on biodiversity, including the addition of new exclusion criteria regarding biodiversity. The Life division broadened its Swedish unit-linked offering with five Article 9 funds. The offering now consists of 19 Article 9 funds and 96 per cent of the division's unit-linked assets are in Article 8 or 9 funds.

Strategic change

The *accelerated digitalisation* of our retail banking offering in both Sweden and the Baltics continued. New services and functionalities in the Swedish mobile app for private individuals include trading of European equities and an enhanced security and customer experience with the possibility to renew the identification module Mobile BankID in the app. In the Baltics, our customers now have the possibility to accept card payments through android phones, without the need for an additional point-of-sale device. This is expected to create new payment possibilities for small and large

merchants who are looking for flexible solutions and attractive and simple pricing. The solution was launched in Lithuania in March, in Estonia in May and in Latvia in June.

The Life division's modernisation of the digital self-service platform was launched and is available for approximately 17,000 companies whereof 6,000 insurance broker customers, leveraging on APIs to provide an integrated user interface with brokers. SEB is the only player on the market with such a solution.

The *Private Wealth Management & Family Office* division's strategy is to expand in the Nordic countries, strengthen international reach and establish SEB as a leading partner for professional family offices. In the first half of 2023, the division has grown the Professional Family Office business in all Nordic countries and Germany. Through the partnership with PE Accounting, a new improved offering of accounting services has been developed for foundations. In collaboration with the private equity company EQT, SEB has initial exclusivity to distribute a new alternative investment fund, EQT Nexus, which enables both non-professional and institutional customers to access a range of EQT's alternative investment funds in one single investment.

Strategic partnerships

In our ambition to rethink how we produce and distribute our products and services SEB has entered several *strategic partnerships*.

Through a partnership with Insurely, SEB launched a new functionality that provides customers with an overview of all their pension plans. This is the first live product development using Insurely's technology since the partnership and investment were announced one year ago.

SEB entered into a strategic partnership with insurance provider Hedvig, a leading Nordic insurtech company within property insurance for private individuals. Hedvig's customer-friendly and digital insurance offer will enable SEB to offer its customers insurance services in a smooth and easy way. As part of the partnership, SEB Venture Capital also made a strategic investment in the company.

Efficiency improvements

Automation and efficiency improvements is a continuous part of the business plan. Examples of deliveries during the first half of the year include the possibility of video onboarding which saves time for new clients in the Baltic countries. Robotics continues to be developed in for example automated sales offers and analysis of simpler online customer limit change requests.

As part of our effort to develop a data-driven organisation, a data marketplace has been established, making the bank's data, such as customer-related information, easier to find and consume in a reusable, compliant and auditable way.

Within the Financial Crime Prevention unit, enhancements in data management together with the development of new and advanced tools improved to the bank's ability to detect, prevent, and report on suspected financial crime activities, including the area of sanction compliance and potential criminal network detection.

Other information

Long-term financial targets for the group

With the overall purpose to increase capital management flexibility, the Board of Directors' long-term financial targets are:

- to pay a yearly dividend that is around 50 per cent of the earnings per share excluding items affecting comparability, and distribute potential capital in excess of the targeted capital position mainly through share repurchases,
- to maintain a Common Equity Tier 1 capital ratio of 100–300 basis points above the requirement from the Swedish Financial Supervisory Authority (FSA), and
- to generate a return on equity that is competitive with peers.

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

Business plan 2022-2024 and cost target

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

The 2030 Strategy remains firm and in 2023, we will develop our business by further investing in areas such as digitalisation, data, sustainability and regulatory compliance.

The cost target for 2023 is SEK 26.5–27bn, assuming 2022 foreign exchange rates. The range reflected the high uncertainty regarding inflation in the economy. With average foreign exchange rates during 2023, the implied cost target range is SEK 27.0-27.5bn (26.9-27.4).

Towards the end of the 2022–2024 business plan period, the plan is to be within the long-term capital target of 100–300 basis points above the regulatory requirement.

Sustainability ambitions and goals

As part of SEB's strategy, sustainability ambitions and goals have been defined, laying out a path for reducing fossil fuel credit exposure and setting growth ambitions for sustainable activities.

Carbon exposure index – The Brown. The goal is to reduce fossil fuel credit exposure within SEB's energy portfolio by 45–60 per cent by 2030 compared with a 2019 baseline.

Sustainability activity index – The Green. The ambition is to increase average sustainability activity 6 to 8 times by 2030 compared with a 2021 baseline. Sustainability activity is a volume-based metric including sustainability-related financing, sustainable finance advisory, greentech venture capital investments and sustainable savings as share of SEB's total savings offering.

For detailed information see SEB's Annual and Sustainability Report for 2022 at sebgroup.com.

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. The divisional financial aspirations are summarised in the table below.

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

Impact from exchange rate fluctuations

The Swedish krona depreciated by 5.2 percent versus the Euro and by 3.6 per cent versus the US dollar during the quarter. The currency effect increased operating profit for the second quarter by SEK 71m. Loans to the public increased by SEK 40bn while deposits from the public increased by SEK 45bn. Total REA increased by SEK 20bn, of which SEK 19bn was credit risk, and the increase of total assets was SEK 83bn.

Agreement to acquire AirPlus Servicekarten GmbH

SEB Kort Bank AB, a wholly-owned subsidiary of SEB Group, entered into an agreement with Lufthansa Group to acquire all shares in Lufthansa AirPlus Servicekarten GmbH (AirPlus).

AirPlus is a leading provider of corporate payment services, offering company accounts, virtual cards and corporate cards to a diversified base of about 53,000 corporate customers. AirPlus has approximately 1,100 employees serving customers across five continents with a particularly strong footprint in the DACH region (Germany, Austria and Switzerland) and Europe, where it generates most of its revenue. AirPlus is operating on a modern IT platform after having made significant investments in its IT transformation for several years. AirPlus' total revenues amounted to about EUR 231m in 2022.

The transaction is expected to result in synergies and complements SEB Group's broader corporate banking ambitions in the DACH region and Northern Europe.

The cash purchase price for the acquisition is EUR 450m and it is expected to affect SEB's CET1 ratio negatively by approximately 35-40 basis points at closing. Income, funding and cost synergies are expected to enhance return on equity in the medium term for SEB Group. The transaction is expected to be EPS accretive year 1 excluding implementation costs and EPS accretive year 2 including implementation costs.

SEB will provide further information in connection with the closing of the transaction, which is currently expected to occur during the first half of 2024. The closing of the transaction is, among other things, conditional upon closing conditions and regulatory approvals.

Uncertainties

The relevant overall risks and uncertainties for the SEB Group are outlined in the 2022 Annual and Sustainability Report. There have been no material developments during 2023 that require an update of the description of the matters listed under future uncertainties in the 2022 Annual and Sustainability Report; i.e. the Re-assessment of credited withholding tax in Germany, the Investigation of alleged tax evasion of a severe nature, the Supervisory matters, and the Claim from the Swedish Pension Agency.

Business segments

Income statement by segment

	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Jan-Jun 2023, SEK m									
Net interest income	9 623	9 816	1 365	4 715	- 81	47	-2 368	60	23 177
Net fee and commission income	3 754	2 512	713	967	1 243	1 459	151	8	10 807
Net financial income	2 796	262	53	351	493	33	1 139	-116	5 012
Net other income	16	7	6	9	10	0	38	-3	82
Total operating income	16 188	12 598	2 137	6 042	1 665	1 539	-1 039	-51	39 078
Staff costs	-2 326	-1 576	-443	-779	-402	-296	-2 743	1	-8 565
Other expenses	-3 093	-2 328	-497	-516	-373	-401	3 281	50	-3 875
Depreciation, amortisation and impairment of tangible and intangible assets	-12	-30	-2	-39	-14	-6	-871		-974
Total operating expenses	-5 431	-3 934	-941	-1 334	-790	-702	-333	51	-13 414
Profit before credit losses and imposed levies	10 757	8 664	1 196	4 707	875	837	-1 372	0	25 665
Net expected credit losses	132	-403	-4	-42	0	0	3	-2	-315
Imposed levies	-808	-614	-51	-226		0	63	0	-1 636
Operating profit	10 082	7 647	1 141	4 440	875	837	-1 306	-2	23 714

	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Jan-Jun 2022, SEK m									
Net interest income	6 231	5 609	504	1 661	-9	-6	817	-4	14 804
Net fee and commission income	3 797	2 318	795	903	1 239	1 727	108	-20	10 867
Net financial income	2 126	265	35	216	268	42	506	-23	3 436
Net other income	13	8	2	8	4	2	-13	-2	22
Total operating income	12 167	8 201	1 336	2 788	1 501	1 765	1 419	-49	29 129
Staff costs	-2 251	-1 443	-362	-602	-350	-281	-2 490	1	-7 779
Other expenses	-2 708	-2 050	-415	-376	-327	-380	2 958	48	-3 249
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-36	-1	-43	-10	-6	-853		-966
Total operating expenses	-4 975	-3 529	-778	-1 021	-688	-667	-385	49	-11 995
Profit before credit losses and imposed levies	7 191	4 672	559	1 767	814	1 098	1 034	0	17 134
Net expected credit losses	-658	-285	-9	10	0	0	8	1	-933
Imposed levies	-636	-420	-33	-31		-1	-17	0	-1 138
Operating profit	5 898	3 966	516	1 746	813	1 097	1 024	1	15 062

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance contracts. 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 the international network.

Income statement

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Net interest income	4 896	4 727	4	3 264	50	9 623	6 231	54	14 152	
Net fee and commission income	1 952	1 802	8	2 007	-3	3 754	3 797	-1	7 402	
Net financial income	1 496	1 300	15	961	56	2 796	2 126	32	4 992	
Net other income	-12	28		-28	-56	16	13	20	-20	
Total operating income	8 331	7 857	6	6 203	34	16 188	12 167	33	26 526	
Staff costs	-1 170	-1 156	1	-1 132	3	-2 326	-2 251	3	-4 512	
Other expenses	-1 541	-1 552	-1	-1 383	11	-3 093	-2 708	14	-5 568	
Depreciation, amortisation and impairment of tangible and intangible assets	-6	-6	-9	-7	-12	-12	-16	-24	-29	
Total operating expenses	-2 717	-2 714	0	-2 522	8	-5 431	-4 975	9	-10 109	
Profit before credit losses and imposed levies	5 615	5 143	9	3 681	53	10 757	7 191	50	16 417	
Net expected credit losses	190	-58		-262		132	-658		-1 251	
Imposed levies	-415	-393	6	-314	32	-808	-636	27	-1 218	
Operating profit	5 390	4 692	15	3 105	74	10 082	5 898	71	13 948	
Cost/Income ratio	0.33	0.35		0.41		0.34	0.41		0.38	
Business equity, SEK bn	81.0	81.7		74.3		81.4	71.9		74.1	
Return on business equity, %	20.5	17.7		12.9		19.1	12.6		14.5	
FTEs, present ¹⁾	2 362	2 330		2 188		2 326	2 193		2 189	

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

- Strong demand for sustainability transition products and foreign exchange services among large corporate customers
- Institutions re-balanced portfolios in the uncertain macroeconomic conditions
- Operating profit amounted to SEK 5,390m and return on business equity was 20.5 per cent

Comments on the second quarter

The operating environment continued to be marked by high volatility, looming macroeconomic concerns along with geopolitical uncertainty.

Within the *large corporate* customer segment, activity levels remained sound with clients focusing on their strategic agendas. Strong momentum for ESG (environment, social and governance) transition related financing and foreign exchange services, while cash management activity continued at healthy levels with stable volumes. Trade finance-related services were in demand, especially guarantees, and infrastructure-related volumes increased. Investment Banking was supported by improved capital markets sentiment and equity capital market activity picked up. Compared with the first quarter, more advantageous market conditions, with lower credit market volatility, led to higher volumes of issued bonds, particularly by institutions and investment grade companies.

Within the *financial institutions* customer segment, activity levels were affected by continued uncertainties around central banks' actions and the commercial real estate market in Sweden. Fixed income activity in the secondary market was

subdued while the primary market saw periods of high activity levels. Foreign exchange activity remained on healthy levels. Equity activity was moderate with relatively low volatility. Prime financing (financing and securities lending to hedge funds and other financial institutions) delivered solid volumes. Assets under custody increased to SEK 19,290bn (18,822) mainly due to increased asset values.

Operating profit amounted to SEK 5,390m. Net interest income increased by 4 per cent, primarily driven by interest rate hikes. Net fee and commission income increased by 8 per cent explained by improved Investment Banking sentiment. Net financial income increased by 15 per cent mainly driven by change in credit spreads which affected the fair value credit adjustment positively. Operating expenses were unchanged. With reversals of provisions, net expected credit losses were a positive SEK 190m, reflecting the solid asset quality. See p. 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	Q2		Q1		Q2		Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Net interest income	4 904	4 912	0	2 878	70	9 816	5 609	75	14 231	
Net fee and commission income	1 281	1 231	4	1 253	2	2 512	2 318	8	4 814	
Net financial income	133	129	3	139	-4	262	265	-1	549	
Net other income	5	2	150	6	-4	7	8	-13	16	
Total operating income	6 324	6 274	1	4 276	48	12 598	8 201	54	19 610	
Staff costs	-809	-767	6	-735	10	-1 576	-1 443	9	-2 942	
Other expenses	-1 185	-1 143	4	-1 030	15	-2 328	-2 050	14	-4 346	
Depreciation, amortisation and impairment of tangible and intangible assets	-15	-15	-4	-16	-7	-30	-36	-17	-67	
Total operating expenses	-2 009	-1 925	4	-1 782	13	-3 934	-3 529	11	-7 355	
Profit before credit losses and imposed levies	4 315	4 349	-1	2 495	73	8 664	4 672	85	12 255	
Net expected credit losses	-248	-155	60	-138	80	-403	-285	41	-785	
Imposed levies	-314	-300	5	-208	51	-614	-420	46	-862	
Operating profit	3 753	3 894	-4	2 149	75	7 647	3 966	93	10 608	
Cost/Income ratio	0.32	0.31		0.42		0.31	0.43		0.38	
Business equity, SEK bn	47.2	46.8		45.2		47.0	45.1		44.9	
Return on business equity, %	24.5	25.6		14.6		25.1	13.6		18.2	
FTEs, present ¹⁾	3 514	3 400		3 243		3 429	3 205		3 273	

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

- SEB's subsidiary SEB Kort AB, entered in an agreement to acquire AirPlus
- Improved mortgage net sales in a subdued market
- Operating profit amounted to SEK 3,753m and return on business equity was 24.5 per cent

Comments on the second quarter

In the current uncertain environment, demand for financial advice increased. The number of private advisory meetings grew, driven by both customer demand and increased proactivity. High activity resulted in an improving trend on mortgage net sales despite continued subdued market growth. With rising rates customers' interest and demand for the term deposit account product with attractive rates continued, both for private and corporate customers.

In the *private customer segment*, the mortgage market saw minor growth and declining margins, following extra amortisations and fewer transactions, explained by higher interest rates putting pressure on households. Despite this, mortgage lending volumes increased by SEK 1bn and amounted to SEK 559bn (558). Household deposits increased by SEK 6bn mainly explained by the annual tax refunds, and margins were largely unchanged due to the accelerated migration to term deposits. Despite the increased cost of living, positive net savings in funds continued during the quarter.

In the *corporate customer segment*, the net inflow of full-service customers continued. Corporate and card lending

volumes increased by SEK 1bn to SEK 294bn (293). Corporate deposits decreased by SEK 5bn in the quarter while margins continued to expand.

In total, lending volumes increased by SEK 2bn to SEK 871bn. Deposit volumes increased by SEK 1bn and amounted to SEK 459bn.

The operating profit amounted to SEK 3,753m. Net interest income remained stable as the increased net interest on deposits from the generally higher interest rate environment was offset by a continued decline in the net interest margins on mortgages. Net fee and commission income increased somewhat compared with the last quarter due to seasonally higher card and payment commissions. Total operating expenses increased by 4 per cent due to increased staff costs. Asset quality remained stable. Net expected credit losses amounted to SEK 248m, corresponding to a net expected credit loss level of 10 basis points in the second quarter, mainly driven by the increase in portfolio model overlays. See p. 8.

Private Wealth Management & Family Office

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

Income statement

SEK m	Q2		Q1		Q2		Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Net interest income	696	670	4	287	142	1 365	504	171	1 660	
Net fee and commission income	356	357	0	366	-3	713	795	-10	1 474	
Net financial income	21	32	-34	17	21	53	35	51	75	
Net other income	4	2	89	1	188	6	2	161	2	
Total operating income	1 077	1 060	2	672	60	2 137	1 336	60	3 211	
Staff costs	-225	-218	3	-180	25	-443	-362	22	-742	
Other expenses	-249	-247	1	-209	19	-497	-415	20	-828	
Depreciation, amortisation and impairment of tangible and intangible assets	-1	-1	-4	-1	52	-2	-1	48	-3	
Total operating expenses	-475	-466	2	-389	22	-941	-778	21	-1 573	
Profit before credit losses and imposed levies	602	594	1	283	113	1 196	559	114	1 638	
Net expected credit losses	5	-9		-10		-4	-9	-60	-16	
Imposed levies	-26	-25	5	-16	59	-51	-33	53	-69	
Operating profit	581	560	4	256	127	1 141	516	121	1 553	
Cost/Income ratio	0.44	0.44		0.58		0.44	0.58		0.49	
Business equity, SEK bn	4.1	3.8		3.7		3.9	3.6		3.5	
Return on business equity, %	43.5	45.7		21.4		44.5	22.3		33.9	
FTEs, present ¹⁾	512	497		452		499	451		456	

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

- Positive net flow of deposits and increased assets under management
- Customers' demand for financing remained high in all geographies, in particular within the Professional Family Office segment
- Operating profit amounted to SEK 581m and return on business equity was 43.5 per cent

Comments on the second quarter

The second quarter was characterised by increasing asset values and high customer demand for financing within selected client segments. The number of customers increased in all geographies.

Assets under management increased by 3 per cent compared with the first quarter. Net new assets under management amounted to SEK 10bn. The overall stock market development explains an additional market value related increase of SEK 26bn.

Customer demand for financing remained high with lending volumes increasing to SEK 77bn (75bn). Deposit volumes increased by SEK 12bn to SEK 142bn (130bn).

The operating profit amounted to SEK 581m. Net interest income increased by 4 per cent driven mainly by deposit volume growth. Net fee and commission income was flat compared with the first quarter, mainly explained by increased investment advisory commissions and decreased brokerage income. Total operating expenses were 2 per cent above the first quarter level, primarily driven by staff costs. Due to reversal of provisions, net expected credit losses amounted to positive SEK 5m.

Baltic

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

Income statement

SEK m	Q2			Q1			Q2			Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2023	2022	%	2022	
Net interest income	2 558	2 157	19	854		4 715	1 661	184	4 319				
Net fee and commission income	505	462	9	455	11	967	903	7	1 854				
Net financial income	223	128	74	49		351	216	62	723				
Net other income	6	3	105	4	37	9	8	15	13				
Total operating income	3 292	2 750	20	1 362	142	6 042	2 788	117	6 910				
Staff costs	-413	-366	13	-320	29	-779	-602	29	-1 332				
Other expenses	-259	-257	1	-183	41	-516	-376	37	-816				
Depreciation, amortisation and impairment of tangible and intangible assets	-20	-19	3	-21	-6	-39	-43	-9	-198				
Total operating expenses	-692	-643	8	-525	32	-1 334	-1 021	31	-2 345				
Profit before credit losses and imposed levies	2 600	2 107	23	837		4 707	1 767	166	4 565				
Net expected credit losses	9	-51		9	-6	-42	10		17				
Imposed levies	-210	-16		-15		-226	-31		-62				
Operating profit	2 399	2 040	18	832	188	4 440	1 746	154	4 520				
Cost/Income ratio	0.21	0.23		0.39		0.22	0.37		0.34				
Business equity, SEK bn	16.8	15.9		13.1		16.4	13.1		13.4				
Return on business equity, %	48.7	43.5		21.6		46.2	22.6		28.6				
FTEs, present ¹⁾	2 996	2 914		2 906		2 921	2 851		2 862				

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

- Customers continued to benefit from conversion to savings accounts and term deposits with higher rates
- New temporary solidarity contribution enacted by the Lithuanian government
- Operating profit amounted to SEK 2,399m and return on business equity was 48.7 per cent

Comments on the second quarter

The manufacturing sector weakened from an export reduction. Inflation continued to decline from its peak, but with levels of around 10 per cent, retail sales volumes were affected as consumer habits changed. This was somewhat mitigated by the long-term trend in wage growth and the labour market which remained relatively stable.

Activity in the real estate market fell, forcing prices to adjust downward somewhat. New mortgage loan volumes were lower than in recent years and contributed to a modest increase in lending volumes to private customers. Corporate lending volumes also increased, led by new lending to clients in the agriculture, telecommunication and real estate sectors. Altogether, total lending volumes increased by 1 per cent in local currency and amounted to SEK 195bn (184).

Household deposits increased, especially in Lithuania. Customers continued to benefit from SEB's savings and investment strategy and transferred excess funds into savings accounts and term deposits with higher interest rates; private savings account volumes increased by nearly 50 per cent. As deposit volumes from corporate customers reduced, overall deposit volumes remained flat in local currency and amounted to SEK 252 bn (242).

Operating profit amounted to SEK 2,399m. Net interest income increased by 16 per cent in local currency, as the rising interest rates continued to positively impact deposit margins and excess liquidity. Net fee and commission income increased by 7 per cent in local currency, as seasonality effects boosted consumer activity in card products. Net financial income increased by 71 per cent in local currency due to higher market values of interest rate swaps in the liquidity portfolio and banking books following the movements in market interest rates. Operating expenses increased by 5 per cent in local currency mainly due to both the annual salary review reflecting the wider wage inflation in the region and also an increased number of employees due to increased investments in product and technology development in accordance with the business plan. A temporary solidarity contribution levy was enacted by the Lithuanian government during the quarter and amounted to SEK 201m. Net expected credit losses were positive at SEK 9m as reversals exceeded new provisions. See p. 8.

Life

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

Income statement

SEK m	Q2			Q1			Q2			Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2023	2022	%	2022	
Net interest income	-44	-37	20	-5		-81	-9					-36	
Net fee and commission income	605	639	-5	586	3	1 243	1 239	0				2 510	
Net financial income	252	241	5	121	108	493	268	84				738	
Net other income	6	4	60	-2		10	4	164				6	
Total operating income	818	847	-3	699	17	1 665	1 501	11				3 219	
Staff costs	-207	-195	6	-182	14	-402	-350	15				-719	
Other expenses	-185	-188	-2	-162	14	-373	-327	14				-696	
Depreciation, amortisation and impairment of tangible and intangible assets	-7	-7	1	-5	42	-14	-10	35				-21	
Total operating expenses	-399	-390	2	-349	14	-790	-688	15				-1 436	
Profit before credit losses and imposed levies	419	456	-8	350	20	875	814	8				1 782	
Net expected credit losses	0	0		0		0	0					-1	
Imposed levies													
Operating profit	419	456	-8	350	20	875	813	8				1 781	
Cost/Income ratio	0.49	0.46		0.50		0.47	0.46					0.45	
Business equity, SEK bn	5.3	5.4		5.2		5.4	5.2					5.2	
Return on business equity, %	29.2	31.5		25.1		30.4	28.9					31.7	
FTEs, present ¹⁾	917	902		855		903	848					856	

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

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

- Sales of Swedish occupational pension increased by 7 per cent
- Stable financial markets impacted asset under management positively
- Operating profit amounted to SEK 419m and return on business equity was 29.2 per cent

Comments on the second quarter

The continued improvement of the financial markets in the second quarter, coupled with a higher interest rate environment, contributed to a stable result.

The market for pension and investment saving products kept experiencing challenges in the current economic environment where customers' focus on long-term savings was lower. This primarily affected private endowment products where sales continued to decrease during the quarter. Corporate endowment products decreased slightly compared with first quarter while occupational pension products continued to deliver increasing volumes compared with the previous quarter.

Baltic sales recovered to pre-pandemic levels, however, with a small decrease compared with the previous quarter.

SEB's market share in the Swedish life insurance market amounted to 10.8 per cent¹⁾, retaining the position among the top-three in the market. The market share in the Baltic region remained solid and unchanged.

Total assets under management amounted to SEK 477bn, an increase of 6 per cent. The increase was to a large extent driven by higher underlying asset values in the unit-linked business, but also continued positive net flows into the Baltic business. In total, unit-linked assets amounted to SEK 392bn (372), traditional and risk insurance assets amounted to SEK 32bn (32) and other savings products SEK 53bn (47).

Operating profit amounted to SEK 419m, a decrease of 8 per cent compared with the previous quarter. Net fee and commission income decreased by 5 per cent, mainly connected to the Swedish unit-linked business. Continued margin pressure together with some small one-off effects during the quarter affected quarterly income negatively. Net financial income increased by 5 per cent, where stable market returns and rising interest rates continued to have a positive effect on income in the traditional and other portfolios. This was somewhat offset by a decrease in income from risk insurance. Operating expenses increased 2 per cent compared with the previous quarter, driven by staff costs.

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

Investment Management

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

Income statement

SEK m	Q2			Q1		Q2		Jan–Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022		
Net interest income	27	20	33	-2		47	-6		18		
Net fee and commission income	700	759	-8	805	-13	1 459	1 727	-16	3 227		
Net financial income	17	16	10	13	35	33	42	-21	66		
Net other income		0		1	-100	0	2	-85	3		
Total operating income	744	795	-6	817	-9	1 539	1 765	-13	3 314		
Staff costs	-151	-145	4	-144	5	-296	-281	5	-581		
Other expenses	-198	-203	-2	-191	4	-401	-380	5	-794		
Depreciation, amortisation and impairment of tangible and intangible assets	-3	-3	0	-3	2	-6	-6	0	-11		
Total operating expenses	-351	-350	0	-337	4	-702	-667	5	-1 386		
Profit before credit losses and imposed levies	393	445	-12	480	-18	837	1 098	-24	1 929		
Net expected credit losses	0	0		0		0	0		0		
Imposed levies	0	0		0		0	-1	-68	-1		
Operating profit	393	444	-12	480	-18	837	1 097	-24	1 928		
Cost/Income ratio	0.47	0.44		0.41		0.46	0.38		0.42		
Business equity, SEK bn	2.5	2.5		2.5		2.5	2.5		2.5		
Return on business equity, %	48.2	55.2		60.1		51.7	69.6		61.2		
FTEs, present ¹⁾	277	270		254		272	253		259		

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

- Market value of assets under management increased by SEK 23bn while net flow was SEK -8bn
- The share of SEB-labelled mutual funds classified as Article 8 or 9 increased to 93 per cent of total assets under management
- Operating profit amounted to SEK 393m and return on business equity was 48.2 per cent

Comments on the second quarter

Continued rising equity markets contributed to a stable result from the base commissions in the second quarter.

Assets under management developed positively by SEK 15bn to SEK 1,115bn (1,100) driven by increased market values by SEK 23bn while net flow was SEK -8bn.

For SEB Investment Management, assets under management in the SEB-labelled mutual funds increased by SEK 34bn to SEK 740bn (706). Net flow was SEK -1bn and market value grew by SEK 35bn. The client activity was predominantly focused on fixed income products. SEB-labelled mutual funds classified as Article 8 and 9¹⁾ in the Sustainable Finance Disclosure Regulation (SFDR) increased to SEK 689bn (646), which represented 93 per cent of assets under management (91). Of the total, SEK 669bn was classified as Article 8 and SEK 20bn was classified as Article 9.

Within Institutional Asset Management, market conditions improved as the turbulence in global financial markets subdued. Clients were more positively inclined towards making investments and the activity neared normal levels. The interest in alternative products remained on elevated levels

with a focus on infrastructure and distressed debt. Last year certain low margin mandates were discontinued. Since then, these mandates have shown net outflows. During this quarter, the remaining mandates flowed out, resulting in overall negative outflows for the division.

Operating profit amounted to SEK 393m. Net fee and commission income decreased by 8 per cent. Base commissions increased by 4 per cent driven by the positive market development of the underlying assets under management, but the seasonal performance fees were down, amounting to SEK 0m (82). Operating expenses were in line with the previous quarter.

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

Financial statements – SEB Group

Income statement, condensed

SEK m	Note	Q2		Q1		Q2		Jan-Jun			Full year
		2023	2023	%	2022	%	2023	2022	%	2022	
Net interest income	2	11 881	11 297	5	7 742	53	23 177	14 804	57	33 443	
Net fee and commission income	3	5 637	5 170	9	5 486	3	10 807	10 867	-1	21 534	
Net financial income	4	2 609	2 403	9	1 115	134	5 012	3 436	46	9 242	
Net other income		-108	190		47		82	22		258	
Total operating income		20 019	19 060	5	14 390	39	39 078	29 129	34	64 478	
Staff costs		-4 330	-4 235	2	-4 017	8	-8 565	-7 779	10	-15 980	
Other expenses		-2 127	-1 748	22	-1 706	25	-3 875	-3 249	19	-6 986	
Depreciation, amortisation and impairment of tangible and intangible assets		-491	-483	2	-478	3	-974	-966	1	-2 078	
Total operating expenses		-6 948	-6 465	7	-6 201	12	-13 414	-11 995	12	-25 044	
Profit before credit losses and imposed levies		13 070	12 594	4	8 189	60	25 665	17 134	50	39 434	
Net expected credit losses	5	-43	-272	-84	-399	-89	-315	-933	-66	-2 007	
Imposed levies	6	-934	-702	33	-556	68	-1 636	-1 138	44	-2 288	
Operating profit before items affecting comparability		12 093	11 620	4	7 234	67	23 714	15 062	57	35 138	
Items affecting comparability	7									-1 399	
Operating profit		12 093	11 620	4	7 234	67	23 714	15 062	57	33 739	
Income tax expense		-2 326	-2 227	4	-1 444	61	-4 553	-2 898	57	-6 862	
NET PROFIT		9 768	9 393	4	5 790	69	19 161	12 164	58	26 877	
Attributable to shareholders of Skandinaviska Enskilda Banken AB		9 768	9 393	4	5 790	69	19 161	12 164	58	26 877	
Basic earnings per share, SEK		4.65	4.45		2.70		9.10	5.67		12.58	
Diluted earnings per share, SEK		4.62	4.42		2.68		9.04	5.62		12.48	

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

Statement of comprehensive income

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
NET PROFIT	9 768	9 393	4	5 790	69	19 161	12 164	58	26 877	
Cash flow hedges	-10	-9	3	24		-19	54		81	
Translation of foreign operations	244	667	-63	1 215	-80	911	1 382	-34	1 438	
Items that may subsequently be reclassified to the income statement:	234	657	-64	1 239	-81	892	1 436	-38	1 519	
Own credit risk adjustment (OCA) ¹⁾	4	-11		20	-83	-7	55		48	
Defined benefit plans	1 733	319		226		2 052	1 066	93	641	
Items that will not be reclassified to the income statement:	1 736	308		246		2 045	1 120	82	689	
OTHER COMPREHENSIVE INCOME	1 971	965	104	1 485	33	2 936	2 557	15	2 208	
TOTAL COMPREHENSIVE INCOME	11 738	10 359	13	7 275	61	22 097	14 720	50	29 085	
Attributable to shareholders of Skandinaviska Enskilda Banken AB	11 738	10 359	13	7 275	61	22 097	14 720	50	29 085	

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

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance contracts. See section on restated comparative figures for further information.

Balance sheet, condensed

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	1 Jan 2022
Cash and cash balances at central banks	547 063	393 440	377 966	439 344
Loans to central banks	189 148	95 897	73 962	4 454
Loans to credit institutions ²⁾	123 637	109 499	77 235	60 009
Loans to the public	2 142 501	2 072 796	2 065 271	1 846 362
Debt securities	424 382	429 519	252 496	205 791
Equity instruments	69 345	74 049	68 779	123 229
Financial assets for which the customers bear the investment risk	388 394	370 361	354 299	420 170
Derivatives	177 219	155 409	187 622	126 051
Other assets	110 422	100 791	75 150	78 788
TOTAL ASSETS	4 172 112	3 801 761	3 532 779	3 304 197
Deposits from central banks and credit institutions	185 136	141 406	66 873	75 206
Deposits and borrowings from the public ¹⁾	1 978 511	1 788 806	1 701 687	1 597 449
Financial liabilities for which the customers bear the investment risk	390 157	372 705	355 796	421 820
Liabilities to policyholders	34 903	34 008	33 425	37 194
Debt securities issued	1 003 853	902 554	795 149	730 106
Short positions	47 227	46 683	44 635	34 569
Derivatives	194 031	184 291	238 048	118 173
Other financial liabilities	134	215	172	5 721
Other liabilities	128 811	117 994	92 852	91 010
Total liabilities	3 962 762	3 588 662	3 328 637	3 111 249
Equity	209 350	213 099	204 141	192 948
TOTAL LIABILITIES AND EQUITY	4 172 112	3 801 761	3 532 779	3 304 197
1) Deposits covered by deposit guarantees	410 535	398 245	402 711	387 382

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

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

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

Statement of changes in equity

SEK m	Share capital	Other reserves ¹⁾				Retained earnings	Equity
		OCA ²⁾	Cash flow hedges	Translation of foreign operations	Defined benefit plans		
Jan-Jun 2023							
Opening balance	21 942	-175	62	877	20 439	160 996	204 141
Net profit						19 161	19 161
Other comprehensive income (net of tax)		-7	-19	911	2 052		2 936
Total comprehensive income		-7	-19	911	2 052		22 097
Dividend to shareholders						-14 195	-14 195
Bonus issue	390					-390	
Cancellation of shares	-390					-4 106	-4 496
Equity-based programmes						-108	-108
Change in holdings of own shares ⁴⁾						1 910	1 910
Closing balance	21 942	-182	44	1 788	22 491	163 268	209 350
Jan-Dec 2022							
Opening balance	21 942	-223	-18	-561	19 798	152 290	193 228
Effect of applying IFRS 17 ³⁾						-280	-280
Restated balance at 1 January 2022	21 942	-223	-18	-561	19 798	152 011	192 948
Net profit						26 877	26 877
Other comprehensive income (net of tax)		48	81	1 438	641		2 208
Total comprehensive income		48	81	1 438	641	26 877	29 085
Dividend to shareholders						-12 884	-12 884
Bonus issue	154					-154	
Cancellation of shares	-154					-1 722	-1 876
Equity-based programmes						-167	-167
Change in holdings of own shares ⁴⁾						-2 965	-2 965
Closing balance³⁾	21 942	-175	62	877	20 439	160 996	204 141
Jan-Jun 2022							
Opening balance	21 942	-223	-18	-561	19 798	152 290	193 228
Effect of applying IFRS 17 ³⁾						-280	-280
Restated balance at 1 January 2022	21 942	-223	-18	-561	19 798	152 011	192 948
Net profit						12 164	12 164
Other comprehensive income (net of tax)		55	54	1 382	1 066		2 557
Total comprehensive income		55	54	1 382	1 066	12 164	14 720
Dividend to shareholders						-12 884	-12 884
Bonus issue	154					-154	
Cancellation of shares	-154					-1 722	-1 876
Equity-based programmes						-173	-173
Change in holdings of own shares ⁴⁾						-302	-302
Closing balance³⁾	21 942	-168	36	821	20 864	148 940	192 434

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) IFRS 17 Insurance Contracts is applied from 1 January 2023. Opening balance 2022 has been restated.

4) Number of shares owned by SEB:

	Jan-Jun 2023	Jan-Dec 2022	Jan-Jun 2022
Number of shares owned by SEB, million			
Opening balance	65.3	37.8	37.8
Repurchased shares for equity-based programmes	6.2	6.1	4.5
Sold/distributed shares	-5.4	-6.4	-4.9
Repurchased shares for capital purposes	18.6	43.3	18.9
Cancelled shares held for capital purposes	-38.7	-15.4	-15.4
Closing balance	46.0	65.3	40.8
Market value of shares owned by SEB, SEK m	5 476	7 831	4 098
Net acquisition cost for purchase of own shares for equity based programmes deducted from equity, period	-221	-114	-70
Net acquisition cost for purchase of own shares for equity-based programmes deducted from equity, accumulated	-2 793	-2 572	-2 528

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

Cash flow statement, condensed

SEK m	Jan-Jun			Full year
	2023	2022	%	2022
Cash flow from the profit and loss statement	9 772	8 762	12	61 947
Increase (-)/decrease (+) in trading portfolios	- 205 162	- 95 029	116	10 887
Increase (+)/decrease (-) in issued short term securities	207 386	87 584	137	64 558
Increase (-)/decrease (+) in lending	- 230 816	- 199 690	16	- 306 020
Increase (+)/decrease (-) in deposits and borrowings	389 803	575 606	- 32	95 507
Increase/decrease in other balance sheet items	4 977	9 946	- 50	2 954
Cash flow from operating activities	175 960	387 180	- 55	- 70 166
Cash flow from investing activities	- 700	- 1 072	- 35	- 805
Cash flow from financing activities	- 16 582	- 15 062	10	- 17 828
Net increase in cash and cash equivalents	158 678	371 045	- 57	- 88 799
Cash and cash equivalents at the beginning of year	382 972	445 716	- 14	445 716
Exchange rate differences on cash and cash equivalents	15 125	18 913	- 20	26 055
Net increase in cash and cash equivalents	158 678	371 045	- 57	- 88 799
Cash and cash equivalents at the end of period¹⁾	556 774	835 674	- 33	382 972

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 2023, the group applies the following amendments to IFRS standards:

IFRS 17 *Insurance Contracts* which replaces IFRS 4 *Insurance Contracts*, applies to all types of insurance contracts as well as to certain financial instruments with discretionary participation features. The adoption of IFRS 17 has not had a significant impact on the classification of the group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the group. On adoption, IFRS 17 changed the measurement and presentation of insurance contracts and participating investment contracts. Investment contracts with no significant insurance component

or discretionary participating features, equity release and investment management business are out of scope and therefore not impacted by the new standard. The presentation of results of insurance contracts will, as in the current income statement presentation, be split and recognised on the relevant lines. See note 1 in the *Annual and Sustainability Report 2022* for more information about accounting policies under IFRS 17. See p. 47 for information about effects from the implementation of IFRS 17.

Definition of Accounting Estimates - Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Disclosure of Accounting Policies - Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*. The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments have not had a material effect on the financial statements of the group or on capital adequacy and large exposures.

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 Annual and Sustainability Report for 2022.

Note 2 Net interest income

SEK m	Q2		Q1		Q2		Jan-Jun		Full year
	2023	2023	%	2022	%	2023	2022	%	2022
Interest income ¹⁾	32 643	27 420	19	10 120		60 063	18 519		56 150
Interest expense	-20 763	-16 123	29	-2 378		-36 885	-3 715		-22 707
Net interest income	11 881	11 297	5	7 742	53	23 177	14 804	57	33 443
1) Of which interest income calculated using the effective interest method	28 730	24 538	17	8 997		53 267	16 429		50 224

Note 3 Net fee and commission income

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Issue of securities and advisory services	321	317	1	410	-22	638	832	-23	1 458	
Secondary market and derivatives	730	428	70	544	34	1 158	1 105	5	2 142	
Custody and mutual funds	2 383	2 376	0	2 525	-6	4 759	5 287	-10	10 117	
<i>Whereof performance fees</i>	0	82	-100	133	-100	82	297	-72	442	
Payments, cards, lending, deposits, guarantees and other	3 266	3 418	-4	3 223	1	6 683	6 028	11	12 480	
<i>Whereof payments and card fees</i>	1 874	1 764	6	1 720	9	3 639	3 195	14	6 771	
<i>Whereof lending</i>	1 011	846	20	994	2	1 857	1 798	3	3 546	
Life insurance commissions	330	358	-8	336	-2	688	702	-2	1 404	
Fee and commission income	7 030	6 897	2	7 038	0	13 927	13 954	0	27 601	
Fee and commission expense	-1 392	-1 727	-19	-1 552	-10	-3 119	-3 086	1	-6 067	
Net fee and commission income	5 637	5 170	9	5 486	3	10 807	10 867	-1	21 534	
<i>Whereof Net securities commissions</i>	2 599	2 289	14	2 427	7	4 889	5 155	-5	9 916	
<i>Whereof Net payment and card fees</i>	1 216	1 154	5	1 177	3	2 370	2 146	10	4 565	
<i>Whereof Net life insurance commissions</i>	224	255	-12	218	3	479	478	0	970	
<i>Whereof Other commissions</i>	1 598	1 471	9	1 664	-4	3 069	3 089	-1	6 083	

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance contracts. See section on restated comparative figures for further information.

Fee and commission income by segment

SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Private Wealth Mgmt & Family Office	Baltic	Life	Investment Management	Group Functions	Eliminations	SEB Group
Q2 2023									
Issue of securities and advisory	310	2	9				0		321
Secondary market and derivatives	659	-9	72	8	0	2	-2	0	730
Custody and mutual funds	420	269	233	54	57	1 794	0	-444	2 383
Payments, cards, lending, deposits, guarantees and other	1 279	1 398	67	651	65	17	99	-311	3 266
Life insurance commissions					751			-421	330
Fee and commission income	2 667	1 661	381	712	874	1 813	97	-1 177	7 030
Q1 2023									
Issue of securities and advisory	307	2	7						317
Secondary market and derivatives	341	8	75	9	0	3	-7	0	428
Custody and mutual funds	377	259	229	52	53	1 833	0	-428	2 376
Payments, cards, lending, deposits, guarantees and other	1 562	1 331	72	592	64	12	94	-309	3 418
Life insurance commissions					782			-424	358
Fee and commission income	2 587	1 600	384	653	899	1 848	87	-1 161	6 897
Jan-Jun 2023									
Issue of securities and advisory	617	5	16				0		638
Secondary market and derivatives	1 000	-1	147	17	0	5	-9	0	1 158
Custody and mutual funds	796	528	463	106	111	3 627	0	-872	4 759
Payments, cards, lending, deposits, guarantees and other	2 841	2 729	139	1 243	129	29	193	-620	6 683
Life insurance commissions					1 533			-845	688
Fee and commission income	5 254	3 261	764	1 365	1 773	3 661	184	-2 338	13 927
Jan-Jun 2022									
Issue of securities and advisory	808	5	18		0		0		832
Secondary market and derivatives	911	16	160	19	0	7	-8	0	1 105
Custody and mutual funds	824	525	535	103	101	4 250	0	-1 052	5 287
Payments, cards, lending, deposits, guarantees and other	2 718	2 395	136	1 124	102	34	146	-628	6 028
Life insurance commissions					1 579			-877	702
Fee and commission income	5 261	2 941	849	1 246	1 783	4 292	138	-2 557	13 954

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 2022 have been restated for the transition to IFRS 17 Insurance contracts. See section on restated comparative figures for further information.

Note 4 Net financial income

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Equity instruments and related derivatives	246	328	-25	-55		574	74		582	
Debt instruments and related derivatives	1 933	228		-485		2 161	-319		1 418	
Currency and related derivatives	-340	1 335		1 180		995	2 489	-60	5 099	
Other	770	512	50	475	62	1 281	1 193	7	2 144	
Net financial income	2 609	2 403	9	1 115	134	5 012	3 436	46	9 242	
<i>Whereof unrealised valuation changes from counterparty risk and own credit standing in derivatives</i>	361	-228		-76		133	173		457	

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

Note 5 Net expected credit losses

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Impairment gains or losses - Stage 1	361	84		-116		445	-538		-1 384	
Impairment gains or losses - Stage 2	-250	-140	79	-134	86	-390	119		74	
Impairment gains or losses - Stage 3	-140	-230	-39	-137	2	-370	-510	-27	-708	
Impairment gains or losses	-29	-286	-90	-388	-92	-315	-929	-66	-2 018	
Write-offs and recoveries										
Total write-offs	-773	-660	17	-377	105	-1 434	-1 737	-17	-3 086	
Reversals of allowance for write-offs	701	594	18	306	129	1 295	1 617	-20	2 873	
Write-offs not previously provided for	-73	-66	11	-71	3	-139	-120	16	-213	
Recovered from previous write-offs	59	80	-26	60	-2	139	115	21	224	
Net write-offs	-14	14		-11	27	0	-5		11	
Net expected credit losses	-43	-272	-84	-399	-89	-315	-933	-66	-2 007	
Net ECL level, %	0.01	0.04		0.06		0.02	0.07		0.07	

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 11-13.

Note 6 Imposed levies

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Resolution fees	- 340	- 308	10	- 260	30	- 647	- 547	18	-1 101	
Risk tax, Sweden	- 394	- 394	0	- 296	33	- 788	- 591	33	-1 187	
Temporary solidarity contribution, Lithuania	- 201					- 201				
Imposed levies	- 934	- 702	33	- 556	68	-1 636	-1 138	44	-2 288	

In second quarter a new tax, temporary solidarity contribution, was introduced in Lithuania as of 16 May 2023. The tax is payable by Lithuanian and EU credit institutions operating in Lithuania, calculated on the surplus of the interest received in 2023 and 2024 from Lithuanian residents.

Note 7 Items affecting comparability

SEK m	Q2		Q1		Q2		Jan-Jun			Full year
	2023	2023	%	2022	%	2023	2022	%	2022	
Net expected credit losses									-1 399	
Operating profit before items affecting comparability									-1 399	
Items affecting comparability									-1 399	
Income tax on IAC										
Items affecting comparability after tax									-1 399	

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

Items affecting comparability 2022

Under the current conditions it is not viable for SEB to maintain operations in Russia, and SEB therefore started scaling these down in 2022. This will be done in a responsible and orderly manner and in accordance with regulatory and legal obligations. The Russian Federation has limited different transactions between subsidiaries in Russia with parent companies in so called unfriendly countries, and limited the amount that may be transferred abroad to a maximum of an aggregated sum of RUB 10m per calendar month. During the fourth quarter 2022, an impairment of SEK 1.4bn related to Russia was recognised.

Note 8 Pledged assets and obligations

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Pledged assets for own liabilities ¹⁾	708 029	713 082	586 059
Pledged assets for liabilities to insurance policyholders	456 243	406 707	388 959
Other pledged assets ²⁾	89 532	132 033	62 565
Pledged assets	1 253 804	1 251 822	1 037 584
Contingent liabilities ³⁾	206 753	188 529	180 358
Commitments	915 832	912 034	882 065
Obligations	1 122 585	1 100 564	1 062 423

1) Of which collateralised for own issued covered bonds SEK 365,593m (329,645; 290,341).

2) Of which pledged but unencumbered bonds SEK 42,221m (84,762; 19,180).

3) Of which financial guarantees SEK 12,666m (11,516; 11,209).

Note 9 Financial assets and liabilities

SEK m	30 Jun 2023		31 Mar 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans ¹⁾	2 999 726	2 985 501	2 669 271	2 654 095	2 591 848	2 549 773
Debt securities	424 382	424 368	429 519	429 482	252 496	252 382
Equity instruments	69 345	69 345	74 049	74 049	68 779	68 779
Financial assets for which the customers bear the investment risk	388 394	388 394	370 361	370 361	354 299	354 299
Derivatives	177 219	177 219	155 409	155 409	187 622	187 622
Other	40 080	40 080	35 710	35 710	15 249	15 249
Financial assets	4 099 147	4 084 908	3 734 320	3 719 107	3 470 292	3 428 103
Deposits	2 163 647	2 162 002	1 930 212	1 928 912	1 768 560	1 767 789
Financial liabilities for which the customers bear the investment risk	390 157	390 157	372 705	372 705	355 796	355 796
Debt securities issued ²⁾	1 034 220	1 020 854	931 959	923 123	823 916	816 840
Short positions	47 227	47 227	46 683	46 683	44 635	44 635
Derivatives	194 031	194 031	184 291	184 291	238 048	238 048
Other	55 495	55 506	44 185	44 190	25 870	25 872
Financial liabilities	3 884 775	3 869 775	3 510 035	3 499 904	3 256 825	3 248 980

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).

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

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 2022.

Note 10 Assets and liabilities measured at fair value

SEK m	30 Jun 2023				31 Dec 2022			
	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		160 809	1 914	162 723		110 833	1 429	112 262
Debt securities	271 842	141 463	143	413 449	118 915	123 620	1 095	243 630
Equity instruments	47 687	376	21 282	69 345	47 979	476	20 324	68 779
Financial assets for which the customers bear the investment risk	365 348	13 718	9 328	388 394	333 354	11 776	9 169	354 299
Derivatives	1 137	175 795	287	177 219	1 269	186 007	346	187 622
Investment in associates ¹⁾	37		673	710	46		504	550
Total	686 051	492 161	33 628	1 211 840	501 563	432 713	32 866	967 142
Liabilities								
Deposits		39 669		39 669		14 563		14 563
Financial liabilities for which the customers bear the investment risk	367 111	13 718	9 328	390 157	334 851	11 776	9 169	355 796
Debt securities issued		7 023		7 023		7 370		7 370
Short positions	33 574	13 653		47 227	34 401	10 235		44 635
Derivatives	751	192 958	321	194 031	991	236 666	390	238 048
Other financial liabilities at fair value	37	97		134	127	45		172
Total	401 473	267 118	9 650	678 240	370 370	280 655	9 559	660 584

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

Comparative figures for 2022 have been restated for the transition to IFRS 17 Insurance Contracts. See section on restated comparative figures for further information.

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 10, 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. At the end of the first quarter, SEK 0.4bn in Financial assets for which the customer bear the investment risk was transferred out of Level 3 due to separation of Russian holdings from Eastern Europe funds, and in addition SEK 0.2bn was transferred out of Level 3 due to changes in market conditions. The largest open market risk within Level 3 financial instruments remains in the traditional life insurance investment portfolios within the insurance business.

Changes in level 3, SEK m	Opening balance	Reclassification	Gain/loss in	Purchases	Sales	Settlements	Transfers	Transfers	Exchange	Closing balance
	1 Jan 2023		Income statement ¹⁾				into Level 3	out of Level 3	rate differences	30 Jun 2023
Assets										
Loans	1 429		-150	478		0			158	1 914
Debt securities	1 095		14	139	-1 130				26	143
Equity instruments	20 324	-40	1 194	983	-1 351			-17	190	21 282
Financial assets for which the customers bear the investment risk	9 169		-139	502	-265		145	-605	521	9 328
Derivatives	346		98		-21	-83		-53		287
Investment in associates	504	40	-16	143					2	673
Total	32 866		1 000	2 245	-2 768	-83	145	-676	897	33 628
Liabilities										
Financial liabilities for which the customers bear the investment risk	9 169		-139	502	-265		145	-605	521	9 328
Derivatives	390		82		-21	-71		-59		321
Total	9 559		-57	502	-286	-71	145	-664	521	9 650

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. Further details about SEB's fair value measurement can be found in note 36 in the Annual and Sustainability Report

SEK m	30 Jun 2023				31 Dec 2022			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ¹⁾⁴⁾	287	-321	-35	39	346	-382	-36	51
Debt instruments ³⁾	1 914		1 914	287	1 429		1 429	214
Equity instruments ²⁾⁵⁾⁶⁾	4 729		4 729	946	4 098		4 098	799
Insurance holdings - Financial instruments ³⁾⁴⁾⁶⁾⁷⁾	17 210		17 210	2 375	16 571		16 571	2 270

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 11 Exposure and expected credit loss (ECL) allowances by stage

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Stage 1 (12-month ECL)			
Debt securities	10 934	10 449	8 866
Loans ¹⁾	2 076 069	2 022 558	1 982 103
Financial guarantees and Loan commitments	917 728	889 827	863 137
Gross carrying amounts/Nominal amounts Stage 1	3 004 730	2 922 834	2 854 107
Debt securities	0	-1	0
Loans ¹⁾	-1 911	-2 152	-2 202
Financial guarantees and Loan commitments	-545	-604	-633
ECL allowances Stage 1	-2 456	-2 757	-2 835
Debt securities	10 934	10 448	8 866
Loans ¹⁾	2 074 158	2 020 407	1 979 902
Financial guarantees and Loan commitments	917 183	889 224	862 504
Carrying amounts/Net amounts Stage 1	3 002 274	2 920 078	2 851 272
Stage 2 (lifetime ECL)			
Loans ¹⁾²⁾	70 153	66 237	69 372
Financial guarantees and Loan commitments	15 713	13 901	15 136
Gross carrying amounts/Nominal amounts Stage 2	85 865	80 138	84 508
Loans ¹⁾²⁾	-1 753	-1 634	-1 503
Financial guarantees and Loan commitments	-355	-173	-162
ECL allowances Stage 2	-2 108	-1 807	-1 665
Loans ¹⁾²⁾	68 400	64 604	67 869
Financial guarantees and Loan commitments	15 357	13 728	14 974
Carrying amounts/Net amounts Stage 2	83 757	78 331	82 843
Stage 3 (credit impaired/lifetime ECL)			
Loans ¹⁾³⁾	5 986	6 383	6 846
Financial guarantees and Loan commitments ³⁾	302	455	422
Gross carrying amounts/Nominal amounts Stage 3	6 288	6 838	7 268
Loans ¹⁾³⁾	-3 283	-3 565	-3 911
Financial guarantees and Loan commitments ³⁾	-71	-205	-201
ECL allowances Stage 3	-3 355	-3 770	-4 112
Loans ¹⁾³⁾	2 703	2 818	2 934
Financial guarantees and Loan commitments ³⁾	230	251	221
Carrying amounts/Net amounts Stage 3	2 933	3 068	3 155

The note continues on the next page.

Note 11, continued. Exposure and expected credit loss (ECL) allowances by stage

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Total			
Debt securities	10 934	10 449	8 866
Loans ¹⁾²⁾³⁾	2 152 208	2 095 178	2 058 321
Financial guarantees and Loan commitments ³⁾	933 742	904 184	878 696
Gross carrying amounts/Nominal amounts	3 096 884	3 009 811	2 945 883
Debt securities	0	-1	0
Loans ¹⁾²⁾³⁾	-6 947	-7 351	-7 616
Financial guarantees and Loan commitments ³⁾	-971	-982	-997
ECL allowances	-7 918	-8 334	-8 613
Debt securities	10 934	10 448	8 866
Loans ¹⁾²⁾³⁾	2 145 261	2 087 828	2 050 705
Financial guarantees and Loan commitments ³⁾	932 771	903 202	877 699
Carrying amounts/Net amounts	3 088 966	3 001 478	2 937 270

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

2) Whereof gross carrying amounts SEK 1,795m (1,636; 1,589) and ECL allowances SEK 3m (3; 3) under Lifetime ECLs - simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 716m (1,296; 1,769) and ECL allowances SEK 579m (1,109; 1,481) 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, %	0.28	0.30	0.33
Stage 3 loans / Total loans, net, %	0.13	0.13	0.14
ECL coverage ratio Stage 1, %	0.08	0.09	0.10
ECL coverage ratio Stage 2, %	2.46	2.25	1.97
ECL coverage ratio Stage 3, %	53.35	55.13	56.58
ECL coverage ratio, %	0.26	0.28	0.29

Development of exposures and ECL allowances by stage

Credit-impaired loans (gross loans in stage 3) decreased to SEK 6bn (6.4), corresponding to 0.28 per cent of total loans (0.30), mainly due to write-offs against reserves which were offset by currency effects. This also reduced stage 3 ECL allowances. Stage 2 loans increased due to negative risk migration and currency effects. Stage 1 ECL allowances decreased mainly due to reversals, while stage 2 ECL allowances increased due an increase of the portfolio model overlay and negative risk migration.

Measurement of ECL allowances

SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of expert credit judgement depends on model outcome, materiality and

information available. ECJ may be applied to incorporate factors not captured by the models, either on counterparty or portfolio level.

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

The note continues on the next page.

Note 11, continued. Exposure and expected credit loss (ECL) allowances by stage

In the second quarter, additional portfolio model overlays of SEK 0.3bn were made in the divisions Large Corporates & Financial Institutions and Corporates & Private Customers, mainly to reflect the challenges in the real estate sector. In addition, the portfolio model overlays were impacted by currency effects from Euro-denominated Baltic portfolio model overlays. The total portfolio model overlays amounted to SEK 2.6bn, reflecting the risks in general from higher energy prices, supply chain issues and inflation as well as the challenges within the real estate sector in Sweden as many companies are adjusting to the new interest rate and capital market environments. SEK 1.1bn of the total model overlays relates to the Large Corporates & Financial Institutions division, SEK 0.9bn to the Corporate & Private Customers division, SEK 0.5bn to the Baltic division and SEK 0.1bn to the Private Wealth Management & Family Office division.

Key macroeconomic variable assumptions for calculating ECL allowances

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

The base scenario maintains the assumption of a mild recession in 2023 and a moderate recovery in 2024. Household and business confidence is low, but labour markets have remained very strong in many countries and energy prices have fallen. The delay in the downturn has contributed to some upward adjustments in the full year 2023 GDP forecasts, while a general increase in central bank hawkishness is delaying a rebound which has led to a slight downward revision of 2024 GDP forecasts.

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

Base scenario assumptions	2023	2024	2025
Global GDP growth	2.5%	2.9%	3.5%
OECD GDP growth	0.9%	1.4%	2.3%
Sweden			
GDP growth	-1.0%	0.6%	2.0%
Household consumption expenditure growth	-2.3%	1.2%	2.5%
Interest rate (STIBOR)	3.70%	2.85%	2.50%
Residential real estate price growth	-7.0%	0.0%	3.0%
Baltic countries			
GDP growth	-0.4% - 0.4%	2.5% - 2.7%	3.5%
Household consumption expenditure growth	-0.1% - 1.0%	1.5% - 3.5%	3.0% - 3.5%
Inflation rate	9.0%	2.7% - 4.0%	2.0% - 3.0%
Nominal wage growth	7.5% - 10.7%	6.5% - 8.5%	6.0% - 8.1%
Unemployment rate	6.9% - 7.4%	6.5% - 7.2%	5.8% - 6.8%

The negative scenario reflects the downside risk from the shift to aggressive monetary policy, especially considering the lengthy time lag before rate hikes have an impact on the economy, and risk of financial stress. The potential for more favourable economic performance in the positive scenario lies mainly in inflation falling faster than according to the current consensus and our main forecast. A further description of the scenarios is available in the Nordic Outlook update published in May 2023.

The probability for the base scenario was raised from 60 to 65 per cent, the probability for the positive scenario was lowered from 20 to 15 per cent and the probability for the negative scenario was maintained at 20 per cent.

In the second quarter, the update of the macroeconomic parameters and scenario probability weights led to a small increase of total ECL allowances. As macroeconomic parameters for 2024, where economic recovery is expected, are gradually rolled in as the current year progresses, the net impact was a marginal decrease of ECL allowances.

Should the positive and negative scenarios in the macroeconomic update be assigned 100 per cent probability, the model calculated ECL allowances would decrease by 4 per cent and increase by 5 per cent respectively compared with the probability-weighted calculation.

SEB's measurement of ECL allowances and related assumptions according to IFRS 9 can be found on notes 1 and 18 in the Annual and Sustainability Report for 2022.

Note 12 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 2022	2 202	1 503	3 911	7 616
New and derecognised financial assets, net	109	-142	-172	-205
Changes due to change in credit risk	-408	327	611	530
Changes due to modifications	0	16	0	16
Changes due to methodology change	-40	2	66	28
Decreases in ECL allowances due to write-offs			-1 295	-1 295
Change in exchange rates	48	47	161	256
ECL allowance as of 30 June 2023	1 911	1 753	3 283	6 947
Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2022	633	162	201	997
New and derecognised financial assets, net	0	-19	-54	-73
Changes due to change in credit risk	-103	203	-81	19
Changes due to modifications		1		1
Changes due to methodology change	-3	3	-1	-1
Change in exchange rates	18	5	5	29
ECL allowance as of 30 June 2023	545	355	71	971
Total Loans, Debt securities, Financial guarantees and Loan commitments				
ECL allowance as of 31 December 2022	2 835	1 665	4 112	8 613
New and derecognised financial assets, net	109	-161	-226	-278
Changes due to change in credit risk	-511	530	531	549
Changes due to modifications	0	17	0	16
Changes due to methodology change	-43	5	66	27
Decreases in ECL allowances due to write-offs			-1 295	-1 295
Change in exchange rates	66	52	167	285
ECL allowance as of 30 June 2023	2 456	2 108	3 355	7 918

SEB's measurement of ECL allowances and related assumptions according to IFRS 9 can be found on pages 122-123 and 153-154 in the Annual and Sustainability Report 2022.

Note 13 Loans and expected credit loss (ECL) allowances by industry

SEK m	Gross carrying amounts				ECL allowances				Net carrying amount
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (credit impaired/ lifetime ECL)	Total	Total
30 Jun 2023									
Banks	141 122	1 124	12	142 258	-8	-2	-2	-12	142 246
Finance and insurance	194 780	1 186	6	195 972	-72	-5	-5	-83	195 889
Wholesale and retail	81 441	2 402	179	84 022	-132	-135	-70	-336	83 686
Transportation	30 645	1 825	213	32 683	-46	-45	-41	-132	32 551
Shipping	53 878	2 064	122	56 063	-15	-12	-108	-135	55 929
Business and household services	201 240	8 438	1 679	211 357	-346	-301	-826	-1 472	209 885
Construction	17 982	1 054	179	19 215	-38	-28	-62	-128	19 088
Manufacturing	131 509	6 985	1 426	139 920	-137	-239	-1 222	-1 598	138 322
Agriculture, forestry and fishing	33 818	1 040	136	34 995	-26	-14	-31	-71	34 924
Mining, oil and gas extraction	5 794	1 078	1	6 873	-10	-89	0	-99	6 774
Electricity, gas and water supply	94 197	382	270	94 848	-41	-2	-130	-172	94 676
Other	25 231	1 966	56	27 254	-43	-208	-14	-265	26 988
Corporates	870 514	28 422	4 267	903 203	-905	-1 078	-2 508	-4 491	898 712
Commercial real estate management	187 221	3 069	101	190 391	-478	-55	-34	-566	189 824
Residential real estate management	134 396	4 265	54	138 715	-158	-60	-5	-222	138 492
Real Estate Management	321 618	7 333	155	329 106	-636	-114	-38	-789	328 317
Housing co-operative associations	60 753	4 425	46	65 224	-2	0	0	-2	65 222
Public Administration	25 976	362	0	26 339	-2	-1	0	-3	26 336
Household mortgages	614 375	25 005	582	639 963	-77	-268	-223	-567	639 396
Other	41 711	3 481	924	46 115	-280	-290	-512	-1 082	45 034
Households	656 086	28 486	1 506	686 078	-357	-558	-735	-1 649	684 429
TOTAL	2 076 069	70 153	5 986	2 152 208	-1 911	-1 753	-3 283	-6 947	2 145 261
31 Dec 2022									
Banks	136 927	1 228	24	138 178	-8	-3	-5	-15	138 163
Finance and insurance	174 176	2 014	99	176 290	-310	-33	-8	-351	175 939
Wholesale and retail	82 032	2 401	188	84 622	-160	-86	-74	-320	84 301
Transportation	30 099	833	257	31 189	-50	-36	-37	-122	31 067
Shipping	52 884	3 877	1 191	57 951	-21	-23	-1 139	-1 182	56 769
Business and household services	177 323	9 609	1 326	188 258	-387	-350	-610	-1 348	186 910
Construction	13 720	721	389	14 830	-31	-20	-209	-259	14 571
Manufacturing	122 266	7 035	1 421	130 723	-182	-150	-992	-1 323	129 400
Agriculture, forestry and fishing	31 440	1 235	108	32 783	-28	-11	-30	-69	32 714
Mining, oil and gas extraction	6 020	1 367	12	7 398	-6	-125	-4	-135	7 263
Electricity, gas and water supply	80 639	1 067	32	81 739	-41	-49	-28	-118	81 621
Other	26 978	1 242	51	28 270	-45	-23	-14	-81	28 189
Corporates	797 578	31 400	5 074	834 052	-1 261	-906	-3 143	-5 309	828 743
Commercial real estate management	182 026	2 205	129	184 361	-360	-46	-36	-442	183 919
Residential real estate management	131 796	2 253	29	134 078	-116	-39	-3	-158	133 920
Real Estate Management	313 822	4 458	159	318 439	-476	-85	-39	-600	317 838
Housing co-operative associations	62 250	5 702	2	67 955	-2	0	0	-3	67 952
Public Administration	19 122	282	5	19 408	-2	-1	-2	-6	19 403
Household mortgages	611 346	22 647	671	634 663	-113	-195	-191	-500	634 163
Other	41 059	3 656	912	45 626	-340	-312	-531	-1 184	44 443
Households	652 404	26 303	1 582	680 289	-453	-508	-723	-1 683	678 606
TOTAL	1 982 103	69 372	6 846	2 058 321	-2 202	-1 503	-3 911	-7 616	2 050 705

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 14 Capital adequacy analysis

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	170 757	166 144	162 956
Tier 1 capital	185 840	180 615	177 517
Total capital	201 976	196 362	193 025
Total risk exposure amount (TREA)	884 934	866 914	859 320
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	19.3%	19.2%	19.0%
Tier 1 ratio (%)	21.0%	20.8%	20.7%
Total capital ratio (%)	22.8%	22.7%	22.5%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	70 795	69 353	68 746
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	2.0%	2.0%	2.0%
of which: to be made up of CET1 capital (percentage points)	1.4%	1.4%	1.4%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.6%	1.6%
Total SREP own funds requirements (% P1+P2R)	10.0%	10.0%	10.0%
Total SREP own funds requirements (amounts)	88 710	86 904	86 142
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 (%)	1.4%	0.9%	0.8%
Systemic risk buffer (%)	3.1%	3.1%	3.1%
Other Systemically Important Institution buffer (%)	1.0%	1.0%	1.0%
Combined buffer requirement (% CBR)	8.0%	7.5%	7.4%
Combined buffer requirement (amounts)	70 495	64 975	63 391
Overall capital requirements (% P1+P2R+CBR)	18.0%	17.5%	17.4%
Overall capital requirements (amounts)	159 205	151 879	149 533
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	12.8%	12.6%	12.4%
Pillar 2 Guidance (% P2G)	1.0%	1.0%	1.0%
Pillar 2 Guidance (amounts)	8 849	8 669	8 593
Overall capital requirements and P2G (%)	19.0%	18.5%	18.4%
Overall capital requirements and P2G (amounts)	168 054	160 548	158 127
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	185 840	180 615	177 517
Leverage ratio total exposure measure (amounts)	4 097 935	3 860 124	3 539 598
Leverage ratio (%)	4.5%	4.7%	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)	122 938	115 804	106 188
Pillar 2 Guidance (% P2G)	0.5%	0.5%	0.5%
Pillar 2 Guidance (amounts)	18 441	17 371	15 928
Overall leverage ratio requirements and P2G (%)	3.5%	3.5%	3.5%
Overall leverage ratio requirements and P2G (amounts)	141 379	133 174	122 116

Note 15 Own funds

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Shareholders equity according to balance sheet ¹⁾	209 350	213 099	204 523
Accrued dividend	-9 375	-18 737	-14 266
Reversal of holdings of own CET1 instruments	2 407	5 805	4 248
Common Equity Tier 1 capital before regulatory adjustments	202 382	200 167	194 506
Additional value adjustments	-1 526	-1 627	-1 331
Goodwill	-4 290	-4 259	-4 308
Intangible assets	-932	-843	-1 236
Deferred tax assets that rely on future profitability	-18	-17	-17
Fair value reserves related to gains or losses on cash flow hedges	-44	-53	-62
Insufficient coverage for non-performing exposures	-105	-129	-24
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 037	-719	-1 060
Defined-benefit pension fund assets	-19 721	-18 089	-17 712
Direct and indirect holdings of own CET1 instruments	-3 953	-8 288	-5 799
Total regulatory adjustments to Common Equity Tier 1	-31 625	-34 023	-31 550
Common Equity Tier 1 capital	170 757	166 144	162 956
Additional Tier 1 instruments	15 084	14 471	14 561
Tier 1 capital	185 840	180 615	177 517
Tier 2 instruments	15 890	15 206	15 002
Net provisioning amount for IRB-reported exposures	1 445	1 741	1 706
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	16 135	15 747	15 508
Total own funds	201 976	196 362	193 025

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.

Note 16 Risk exposure amount

SEK m	30 Jun 2023		31 Mar 2023		31 Dec 2022	
	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	20 808	1 665	19 002	1 520	18 304	1 464
Exposures to institutions	65 321	5 226	60 603	4 848	66 245	5 300
Exposures to corporates	435 783	34 863	413 502	33 080	407 153	32 572
Retail exposures	75 377	6 030	68 008	5 441	67 811	5 425
of which secured by immovable property	51 453	4 116	45 608	3 649	44 643	3 571
of which retail SME	6 050	484	5 645	452	6 044	484
of which other retail exposures	17 875	1 430	16 755	1 340	17 124	1 370
Securitisation positions	2 380	190	2 239	179	2 036	163
Total IRB approach	599 670	47 974	563 353	45 068	561 550	44 924
Credit risk standardised approach						
Exposures to central governments or central banks	4 674	374	6 051	484	6 640	531
Exposures to administrative bodies and non-commercial undertakings	452	36				
Exposures to institutions	781	63	716	57	962	77
Exposures to corporates	4 923	394	7 171	574	6 933	555
Retail exposures	11 939	955	15 068	1 205	14 521	1 162
Exposures secured by mortgages on immovable property	2 604	208	2 454	196	2 486	199
Exposures in default	104	8	117	9	122	10
Exposures associated with particularly high risk	562	45	566	45	515	41
Exposures in the form of collective investment undertakings (CIU)	967	77	996	80	1 628	130
Equity exposures	5 927	474	4 952	396	5 540	443
Other items	12 627	1 010	11 699	936	9 851	788
Total standardised approach	45 562	3 645	49 790	3 983	49 197	3 936
Market risk						
Trading book exposures where internal models are applied	28 562	2 285	39 823	3 186	39 876	3 190
Trading book exposures applying standardised approaches	8 830	706	10 829	866	7 251	580
Total market risk	37 393	2 991	50 652	4 052	47 128	3 770
Other own funds requirements						
Operational risk advanced measurement approach	52 134	4 171	50 391	4 031	50 452	4 036
Settlement risk	0	0	6	0	0	0
Credit value adjustment	11 724	938	10 170	814	12 309	985
Investment in insurance business	23 742	1 899	24 127	1 930	23 851	1 908
Other exposures	3 717	297	3 460	277	2 991	239
Additional risk exposure amount, Article 3 CRR ²⁾			3 789	303		
Additional risk exposure amount, Article 458 CRR ³⁾	110 991	8 879	111 176	8 894	111 841	8 947
Total other own funds requirements	202 309	16 185	203 119	16 250	201 444	16 116
Total	884 934	70 795	866 914	69 353	859 320	68 746

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 3, Regulation (EU) No 575/2013 (CRR), related to the implementation of new Baltic retail PD models.

3) 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 collateralised by immovable property.

Note 17 Average risk-weight

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

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

IRB reported credit exposures (less repos and securities lending)			
Average risk-weight	30 Jun 2023	31 Mar 2023	31 Dec 2022
Exposures to central governments or central banks	2.0%	2.4%	2.8%
Exposures to institutions	21.9%	22.7%	24.9%
Exposures to corporates	27.8%	27.3%	27.3%
Retail exposures	10.1%	9.3%	9.3%
of which secured by immovable property	7.7%	6.9%	6.8%
of which retail SME	53.3%	51.0%	51.0%
of which other retail exposures	26.5%	28.0%	28.0%
Securitisation positions	16.4%	16.3%	16.9%

Skandinaviska Enskilda Banken AB (publ) – parent company

Income statement

In accordance with FSA regulations	Q2			Q1			Q2			Jan–Jun			Full year
SEK m	2023	2023	%	2022	%	2023	2022	%	2023	2022	%	2022	
Interest income	29 567	24 821	19	8 438		54 388	15 451		48 883				
Leasing income	1 452	1 395	4	1 303	11	2 847	2 621	9	5 309				
Interest expense	-21 880	-17 205	27	-2 599		-39 085	-4 323		-23 994				
Dividends	1 453	3 100	-53	5 947	-76	4 553	9 178	-50	10 447				
Fee and commission income	4 122	4 381	-6	4 364	-6	8 504	8 718	-2	16 925				
Fee and commission expense	- 790	-1 211	-35	- 989	-20	-2 001	-2 160	-7	-4 042				
Net financial income ¹⁾	2 333	2 038	14	860	171	4 371	2 958	48	7 510				
Other income ¹⁾	204	508	-60	212	-4	712	364	95	867				
Total operating income	16 461	17 827	-8	17 536	-6	34 288	32 806	5	61 904				
Administrative expenses	-5 396	-5 144	5	-4 695	15	-10 541	-9 121	16	-18 380				
Depreciation, amortisation and impairment of tangible and intangible assets	-1 411	-1 387	2	-1 391	1	-2 798	-2 814	-1	-5 635				
Total operating expenses	-6 807	-6 532	4	-6 086	12	-13 339	-11 936	12	-24 015				
Profit before credit losses	9 653	11 295	-15	11 450	-16	20 948	20 871	0	37 890				
Net expected credit losses	-64	-235	-73	-383	-83	- 300	- 932	-68	-2 119				
Impairment of financial assets ²⁾	- 504			-5 224	-90	- 504	-5 464	-91	-6 631				
Operating profit	9 086	11 060	-18	5 843	55	20 145	14 475	39	29 139				
Appropriations	361	487	-26	331	9	848	874	-3	3 300				
Income tax expense	-1 066	-1 690	-37	- 788	35	-2 756	-1 909	44	-4 929				
Other taxes	- 38	- 3		47		- 41	47		- 180				
NET PROFIT	8 342	9 854	-15	5 434	54	18 196	13 486	35	27 329				

1) From 2023 the parent bank presents realised gains and losses on investment shares as Net financial income and not Net other income. Comparative figures have been restated SEK 2 63m; 1,160m; 1,615m.

2) Following P27's announcement in the second quarter of 2023, that it had decided to withdraw its clearing license application from the Swedish Financial Supervisory Authority, the parent company recognised an impairment loss of SEK 178m. In the second quarter 2023 Invidem announced that it will be wound down due to reduced economies of scale. Hence, the parent company recognised an impairment loss of SEK 124m. The book value in SEB Strategic Investments AB was written down by SEK 200m after parent company received a dividend of the same amount. The Russian Federation has limited different transactions between subsidiaries in Russia with parent companies in so called unfriendly countries. A maximum of RUB 10m per calendar month may be transferred abroad. Due to the prevailing uncertainty, the parent company recognised a total impairment loss of SEK 177m for SEB Bank in Russia in the first quarter 2022 and an additional impairment loss of SEK 652m in the third quarter 2022. In addition, during the first quarter 2022, the parent company recognised an impairment loss of SEK 63m for the investment in SEB Corporate Bank in Ukraine. During the second quarter 2022 the parent company recognised an impairment loss of SEK 5,224m for the investment in the subsidiary DSK Hyp AG. In addition, during the third quarter 2022 the subsidiary Skandinaviska Enskilda Ltd, which is being liquidated, was written down by SEK 515m.

Statement of comprehensive income

	Q2			Q1			Q2			Jan–Jun			Full year
SEK m	2023	2023	%	2022	%	2023	2022	%	2023	2022	%	2022	
NET PROFIT	8 342	9 854	-15	5 434	54	18 196	13 486	35	27 329				
Cash flow hedges	- 10	- 9	3	24		- 19	54		81				
Translation of foreign operations	- 162	76		- 103	58	- 87	- 56	55	- 112				
Items that may subsequently be reclassified to the income statement:	- 172	66		- 79	118	- 106	- 2		- 31				
OTHER COMPREHENSIVE INCOME	- 172	66		- 79	118	- 106	- 2		- 31				
TOTAL COMPREHENSIVE INCOME	8 170	9 920	-18	5 355	53	18 091	13 484	34	27 298				

Balance sheet, condensed

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Cash and cash balances with central banks	540 848	387 368	354 970
Loans to central banks	138 511	40 955	16 676
Loans to credit institutions	145 686	135 945	101 928
Loans to the public	1 903 010	1 845 343	1 839 188
Debt securities	400 553	403 964	227 323
Equity instruments	43 512	49 366	44 645
Derivatives	173 478	150 139	179 144
Other assets	142 118	133 447	108 812
TOTAL ASSETS	3 487 718	3 146 527	2 872 686
Deposits from central banks and credit institutions	227 746	182 156	106 019
Deposits and borrowings from the public ¹⁾	1 754 140	1 573 097	1 467 319
Debt securities issued	1 003 853	902 554	795 149
Short positions	47 227	46 683	44 635
Derivatives	189 653	178 782	229 933
Other financial liabilities	134	215	172
Other liabilities	100 978	91 720	66 645
Untaxed reserves	15 680	15 680	15 680
Equity	148 308	155 639	147 133
TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY	3 487 718	3 146 527	2 872 686
1) Private and SME deposits covered by deposit guarantee	258 675	253 169	257 639
Private and SME deposits not covered by deposit guarantee	162 801	156 368	161 495
All other deposits	1 332 663	1 163 560	1 048 185
Total deposits from the public	1 754 140	1 573 097	1 467 319

Pledged assets and obligations

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Pledged assets for own liabilities	704 913	712 562	585 547
Other pledged assets	89 532	132 033	62 565
Pledged assets	794 445	844 595	648 113
Contingent liabilities	195 109	180 157	173 316
Commitments	844 947	842 879	815 987
Obligations	1 040 056	1 023 036	989 303

Capital adequacy

Capital adequacy analysis

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available own funds and total risk exposure amount			
Common Equity Tier 1 (CET1) capital	142 679	140 292	136 851
Tier 1 capital	157 762	154 763	151 413
Total capital	174 095	170 284	166 708
Total risk exposure amount (TREA)	793 441	778 790	778 243
Capital ratios and minimum capital requirement (as a percentage of TREA)			
Common Equity Tier 1 ratio (%)	18.0%	18.0%	17.6%
Tier 1 ratio (%)	19.9%	19.9%	19.5%
Total capital ratio (%)	21.9%	21.9%	21.4%
Pillar 1 minimum capital requirement (% P1)	8.0%	8.0%	8.0%
Pillar 1 minimum capital requirement (amounts)	63 475	62 303	62 259
Additional own funds requirements (P2R) to address risks other than the risk of excessive leverage (as a percentage of TREA)			
Additional own funds requirements (% P2R)	1.7%	1.7%	1.7%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.3%	1.3%	1.3%
Total SREP own funds requirements (% P1+P2R)	9.7%	9.7%	9.7%
Total SREP own funds requirements (amounts)	77 257	75 830	75 777
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 (%)	1.5%	1.0%	0.8%
Systemic risk buffer (%)	0.0%	0.0%	0.0%
Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
Combined buffer requirement (% CBR)	4.0%	3.5%	3.3%
Combined buffer requirement (amounts)	31 667	26 989	25 727
Overall capital requirements (% P1+P2R+CBR)	13.7%	13.2%	13.0%
Overall capital requirements (amounts)	108 924	102 819	101 504
CET1 available after meeting the total SREP own funds requirements (% P1+P2R)	12.2%	12.1%	11.7%
Pillar 2 Guidance (% P2G)	0.0%	0.0%	0.0%
Pillar 2 Guidance (amounts)	0	0	0
Overall capital requirements and P2G (%)	13.7%	13.2%	13.0%
Overall capital requirements and P2G (amounts)	108 924	102 819	101 504
Leverage ratio, requirements and CET1 Pillar 2 Guidance (as a percentage of total exposure measure)			
Tier 1 capital (amounts)	157 762	154 763	151 413
Leverage ratio total exposure measure (amounts)	3 825 551	3 601 301	3 263 128
Leverage ratio (%)	4.1%	4.3%	4.6%
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)	114 767	108 039	97 894
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)	114 767	108 039	97 894

Own funds

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022
Shareholders equity according to balance sheet ¹⁾	160 758	168 089	159 583
Accrued dividend	-9 375	-18 737	-14 266
Reversal of holdings of own CET1 instruments	2 118	5 525	4 249
Common Equity Tier 1 capital before regulatory adjustments	153 501	154 877	149 566
Additional value adjustments	-1 491	-1 276	-1 289
Goodwill	-3 358	-3 358	-3 358
Intangible assets	-846	-771	-1 132
Fair value reserves related to gains or losses on cash flow hedges	-44	-53	-62
Insufficient coverage for non-performing exposures	-103	-127	-23
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1 028	-711	-1 050
Direct and indirect holdings of own CET1 instruments	-3 953	-8 288	-5 799
Total regulatory adjustments to Common Equity Tier 1	-10 822	-14 585	-12 715
Common Equity Tier 1 capital	142 679	140 292	136 851
Additional Tier 1 instruments	15 084	14 471	14 561
Tier 1 capital	157 762	154 763	151 413
Tier 2 instruments	15 890	15 206	15 002
Net provisioning amount for IRB-reported exposures	1 642	1 515	1 494
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 200
Tier 2 capital	16 332	15 521	15 295
Total own funds	174 095	170 284	166 708

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

Risk exposure amount

SEK m	30 Jun 2023		31 Mar 2023		31 Dec 2022	
	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	13 283	1 063	10 853	868	9 987	799
Exposures to institutions	64 729	5 178	60 045	4 804	65 707	5 257
Exposures to corporates	355 746	28 460	339 057	27 125	334 983	26 799
Retail exposures	45 571	3 646	44 827	3 586	44 316	3 545
of which secured by immovable property	36 134	2 891	35 668	2 853	35 015	2 801
of which retail SME	2 019	162	2 081	167	2 046	164
of which other retail exposures	7 418	593	7 077	566	7 256	580
Securitisation positions	2 380	190	2 239	179	2 036	163
Total IRB approach	481 709	38 537	457 020	36 562	457 029	36 562
Credit risk standardised approach						
Exposures to central governments or central banks						
Exposures to administrative bodies and non-commercial undertakings	452	36				
Exposures to institutions	11 147	892	12 473	998	14 168	1 133
Exposures to corporates	3 228	258	5 245	420	5 048	404
Retail exposures	8 426	674	8 278	662	8 285	663
Exposures secured by mortgages on immovable property	2 603	208	2 452	196	2 484	199
Exposures in default	89	7	97	8	98	8
Exposures associated with particularly high risk	562	45	566	45	515	41
Exposures in the form of collective investment undertakings (CIU)	967	77	996	80	1 628	130
Equity exposures	54 199	4 336	51 258	4 101	51 432	4 115
Other items	5 097	408	4 850	388	3 022	242
Total standardised approach	86 771	6 942	86 215	6 897	86 680	6 934
Market risk						
Trading book exposures where internal models are applied	28 562	2 285	39 823	3 186	39 876	3 190
Trading book exposures applying standardised approaches	8 807	705	10 779	862	7 226	578
Total market risk	37 370	2 990	50 602	4 048	47 103	3 768
Other own funds requirements						
Operational risk advanced measurement approach	40 354	3 228	38 618	3 089	38 923	3 114
Settlement risk	0	0	6	0	0	0
Credit value adjustment	11 719	938	10 159	813	12 304	984
Investment in insurance business	23 742	1 899	24 127	1 930	23 851	1 908
Other exposures	790	63	875	70	519	42
Additional risk exposure amount, Article 458 CRR ²⁾	110 985	8 879	111 168	8 893	111 833	8 947
Total other own funds requirements	187 591	15 007	184 953	14 796	187 432	14 995
Total	793 441	63 475	778 790	62 303	778 243	62 259

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 collateralised by immovable property.

Average risk weight

IRB reported credit exposures (less repos and securities lending)	30 Jun 2023	31 Mar 2023	31 Dec 2022
Average risk-weight			
Exposures to central governments or central banks	1.4%	1.6%	1.9%
Exposures to institutions	21.8%	22.6%	24.9%
Exposures to corporates	24.9%	24.5%	24.5%
Retail exposures	7.6%	7.5%	7.4%
of which secured by immovable property	6.3%	6.2%	6.1%
of which retail SME	33.7%	34.2%	33.5%
of which other retail exposures	41.6%	41.0%	40.8%
Securitisation positions	16.4%	16.3%	16.9%

Restated comparative figures - SEB Group

Effects from the implementation of IFRS 17

Insurance Contracts

IFRS 17 *Insurance Contracts* replaces IFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. As the standard requires comparative information for the annual reporting period immediately preceding the date of initial application, the transition date of IFRS 17 is 1 January 2022. On adoption, IFRS 17 impacted the measurement of insurance contracts and participating investment contracts.

The group has restated comparative information for 2022 in the reports for 2023. The effects of adopting IFRS 17 was recognised 1 January 2022 as a reduction of retained

earnings of SEK 0.3bn. The changes have reduced net profit by SEK 112m for the full year 2022 and had a marginal effect on capital adequacy. The changes impact division Life and the group. The new standard is not applied by the parent company.

There is no significant impact on the balance sheet, although the new standard also introduces new estimates and judgements that affect the measurement of insurance liabilities.

See note 1 and note 51 in the *Annual and Sustainability Report 2022* for more information about accounting policies and transition effects from the implementation of IFRS 17.

SEB Group reconciliation to previously published figures – income statement

SEK m	Previously reported	Change	Restated	Previously reported	Change	Restated
	Q2 2022		Q2 2022	Jan–Jun 2022		Jan–Jun 2022
Net interest income	7 742		7 742	14 804		14 804
Net fee and commission income	5 498	- 12	5 486	10 895	- 28	10 867
Net financial income	1 154	- 39	1 115	3 488	- 52	3 436
Net other income	47		47	22		22
Total operating income	14 441	- 51	14 390	29 209	- 80	29 129
Staff costs	-4 017		-4 017	-7 779		-7 779
Other expenses	-1 706		-1 706	-3 249		-3 249
Depreciation, amortisation and impairment of tangible and intangible assets	- 478		- 478	- 966		- 966
Total operating expenses	-6 201		-6 201	-11 995		-11 995
Profit before credit losses and imposed levies	8 240	- 51	8 189	17 214	- 80	17 134
Net expected credit losses	- 399		- 399	- 933		- 933
Imposed levies	- 556		- 556	-1 138		-1 138
Operating profit before items affecting comparability	7 285	- 51	7 234	15 142	- 80	15 062
Items affecting comparability						
Operating profit	7 285	- 51	7 234	15 142	- 80	15 062
Income tax expense	-1 443	- 1	-1 444	-2 898	- 1	-2 898
NET PROFIT	5 842	- 52	5 790	12 244	- 81	12 164
Attributable to shareholders of Skandinaviska Enskilda Banken AB	5 842	- 52	5 790	12 244	- 81	12 164
Basic earnings per share, SEK	2.73		2.70	5.70		5.67
Diluted earnings per share, SEK	2.71		2.68	5.66		5.62

SEB Group reconciliation to previously published figures - balance sheet

SEK m	Previously reported	Change	Restated
	30 Jun 2022		30 Jun 2022
Cash and cash balances at central banks	825 404		825 404
Loans to central banks	18 297		18 297
Loans to credit institutions	100 947		100 947
Loans to the public	1 994 520		1 994 520
Debt securities	341 749	-132	341 617
Equity instruments	94 826	2 209	97 036
Financial assets for which the customers bear the investment risk	349 375	-2 078	347 297
Derivatives	284 611		284 611
Other assets	102 953	-41	102 912
TOTAL ASSETS	4 112 682	-41	4 112 641
Deposits from central banks and credit institutions	175 810		175 810
Deposits and borrowings from the public	2 072 543		2 072 543
Financial liabilities for which the customers bear the investment risk	351 357	-2 164	349 193
Liabilities to policyholders	31 729	2 399	34 127
Debt securities issued	818 889		818 889
Short positions	41 951		41 951
Derivatives	296 473		296 473
Other financial liabilities	6 860		6 860
Other liabilities	124 281	79	124 360
Total liabilities	3 919 893	314	3 920 207
Equity	192 789	-355	192 434
TOTAL LIABILITIES AND EQUITY	4 112 682	-41	4 112 641

Signature of the Board of the Directors and the President

The Board of Directors and the President declares that this financial report for the period 1 January 2023 through 30 June 2023 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, 18 July 2023

Marcus Wallenberg
Chair

Sven Nyman
Vice chair

Jacob Aarup-Andersen
Director

Signhild Arnegård Hansen
Director

Anne-Catherine Berner
Director

Winnie Fok
Director

John Flint
Director

Svein Tore Holsether
Director

Lars Ottersgård
Director

Helena Saxon
Director

Anna-Karin Glimström
*Director**

Charlotta Lindholm
*Director**

Johan Torgeby
President and Chief Executive Officer

**Appointed by the employees*

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 June 30, 2023 and for the six-month period ending as at this date. The Board of Directors, the President and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed 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, 18 July 2023

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Contacts and calendar

SEB's result for the second quarter 2023

Telephone conference

On Tuesday 18 July 2023, 10 am CET, Johan Torgeby, SEB's President & CEO, and Masih Yazdi, CFO, will present the results for the second quarter 2023. The presentation will be followed by a Q&A session with Johan Torgeby, Masih Yazdi and Pawel Wyszynski, Head of Investor Relations. The presentation and Q&A will be conducted in English.

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

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

Media

Media may book interviews after the telephone conference. Please contact press@seb.se to make a request.

Further information is available from:

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Pawel Wyszynski, Head of Investor Relations

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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

25 October 2023

Quarterly report January-September 2023

The silent period starts on 1 October 2023

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

Definitions

Including Alternative Performance Measures¹⁾

Items affecting comparability

To facilitate the comparison of operating profit between current and previous periods, items with significant impact that management considers affect the comparability or are relevant for the understanding of the financial result, are identified and presented separately, for example impairment of goodwill, restructuring, gains and losses from divestments and other income or costs that are not recurring.

Operating profit

Total profit before tax.

Net profit

Total profit after tax.

Return on equity

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

Return on equity excluding items affecting comparability

Net profit attributable to shareholders, excluding items affecting comparability and their related tax effect, in relation to average²⁾ shareholders' equity.

Return on business equity

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

Return on total assets

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

Return on risk exposure amount

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

Cost/income ratio

Total operating expenses in relation to total operating income.

Basic earnings per share

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

Diluted earnings per share

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

1) Alternative Performance Measures, APMs, are financial measures of historical or future financial performance, financial position, or cash flows, other than those defined in the applicable financial reporting framework (IFRS) or in the EU Capital Requirements Regulation and Directive CRR/CRD IV. APMs are used by SEB when relevant to assess and describe SEB's financial situation and provide additional relevant information and tools to enable analysis of SEB's performance. APMs on basic earnings per share, diluted earnings per share, net worth per share, equity per share, return on equity, return on tangible equity, return on total assets and return on risk exposure amount provide relevant information on the performance in relation to different investment measurements. The cost/income ratio provides information on SEB's cost efficiency. APMs related to lending provide information on provisions in relation to credit risk. All these measures may not be comparable to similarly titled measures used by other companies.

2) Average year-to-date, calculated on month-end figures.

3) Average, calculated on a daily basis.

Net worth per share

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

Equity per share

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

Expected credit losses, ECL

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

ECL allowances

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

Net ECL level

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

ECL coverage ratio

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

Stage 3 loans / Total loans, gross

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

Stage 3 loans / Total loans, net

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

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

Definitions, continued

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

Risk exposure amount

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

Common Equity Tier 1 capital (CET)

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

Tier 1 capital

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

Tier 2 capital

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

Own funds

The sum of Tier 1 and Tier 2 capital.

Common Equity Tier 1 capital ratio

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Liquidity Coverage Ratio (LCR)

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

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

Leverage ratio

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

Net stable funding ratio (NSFR)

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

Minimum requirement of eligible liabilities (MREL)

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

This is SEB

We connect ideas, people and capital to drive progress

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

Our customers

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

Our values

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

Our employees

Around 17,500 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 almost 170 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.