

# Annual Accounts

Fourth quarter 2021 | January – December 2021



STOCKHOLM 27 JANUARY 2022

**SEB**

“Through our focus on future-proofing the bank, we aim to continue creating value.”

## Statement from Johan Torgeby

### **Continued demonstration of flexibility**

During the last quarter of 2021, global economies continued to recover despite increased uncertainty related to the accelerated spread of Covid-19. Governments and central banks around the world have provided significant support to economies throughout the pandemic. This is reflected in more than USD 26 trillion of fiscal and monetary accommodation, equivalent to 28 per cent of global GDP in 2021. In combination with continued low interest rates, this contributed to further increases in asset prices despite heightened inflationary pressure. In both the Euro area and Sweden, inflation reached the highest levels in almost 30 years, mainly driven by elevated energy prices. This has led central banks globally to initiate, or start discussing, a tightening of monetary policy.

Similar to the global economy, the Nordic region has seen a relatively strong economic recovery, with maintained strong public finances. While global supply chain disruptions remain a challenge, Nordic companies have continued to demonstrate flexibility and ability to adapt to a new environment. Additionally, SEB's latest Savings Indicator showed that Swedish households' net assets increased by some 20 per cent from a year ago, to SEK 23,000bn in the third quarter. This indicates that they are in a good position for future consumption and investments. However, new pandemic restrictions and higher energy prices, eroding households' disposable income and contributing to pressure on company margins, could temporarily slow down the economic growth.

### **A year of notably high customer activity**

In line with the global economic recovery, rising stock markets and an improved sentiment, SEB's operating profit improved significantly compared with the challenging pandemic year of 2020. Net commission income reached a record level during the year, driven by sustained high customer activity within the Large Corporates & Financial Institutions division and a 27 per cent year-on-year increase in assets under management. Assets under custody increased by 82 per cent in 2021, mainly on the back of new mandates. Asset quality was strong, and net expected credit losses amounted to 2 basis points in 2021, compared with 26 basis points in 2020. Return on equity for 2021 reached 13.9 per cent, on a capital buffer above the regulatory requirement of 590 basis points.



SEB's total operating expenses for 2021 amounted to SEK 23.2bn, marginally above the cost target for the year.

Based on the outlook in SEB's Nordic Outlook, we expect the level of net expected credit losses in 2022 to remain low.

The Swedish government has regrettably decided to introduce a new risk tax for nine banks and credit institutions from the start of 2022, despite criticism from several consultative bodies. For SEB, which has argued that the tax is ill-suited since it distorts the competitive landscape, this will result in an extra levy of SEK 1.0bn in 2022 and about SEK 1.2bn every year from 2023 onwards.

The Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 6.00 per share, corresponding to around 51 per cent of the 2021 net profit, in line with SEB's long-term financial targets.

### **Closing the business plan 2019-2021**

As we close the books for 2021, we also conclude the last year of our 2019-2021 business plan. It has been focused on *advisory leadership, operational excellence* and *extended presence*, including our strategic initiatives.

In terms of *advisory leadership*, we have sharpened our capabilities by establishing a dedicated Energy Coverage team to support the ongoing transition in the energy sector, as well as a Corporate Finance Growth unit, targeting medium-sized growth companies with Investment Banking services. To strengthen our focus on high-net-worth individuals and their families, we have established the Private Wealth Management & Family Office (PWM&FO) division. In addition, we have added digital functionality and value-enhancing advisory services, such as the SEB Bot Advisor. Within *operational excellence*, further automation has allowed us to increase speed and efficiency in our processes, freeing up time for our employees to focus more on value adding activities. It has also enabled us to increase our productivity, for example reflected in a more than 20 per cent increase in the number of transactions processed per employee within our Operations business. This has contributed to a declining cost/income ratio during the business plan period. A fully automated, digital registry and admin platform for alternative assets has been launched within our custody business, and we have established the Financial Crime Prevention function to strengthen our efforts to counter money laundering and other forms of financial crime. However, as

regulatory requirements continue to increase, we recognise the need to further improve our capabilities particularly related to anti-money laundering (AML) and know-your-customer (KYC), as well as to accelerate our data management efforts. Related to *extended presence* we have, among other things, partnered with fintech companies to further integrate with our small and medium-sized enterprise (SME) customers' digital ecosystems. This has for example provided them with an improved overview of their employees' occupational pension plans, via their enterprise resource planning (ERP) systems. Leveraging insights from our innovation studio SEBx, we have entered a long-term partnership with Google Cloud to speed up our digitalisation efforts and provide new solutions to our customers.

Our strategic initiatives have developed broadly in line with plan and will serve as a foundation for SEB's activities going forward. Overall, we are pleased to see that our customers appreciate what we do. This is reflected in various customer surveys, most recently by Prospera, where SEB was ranked number one within both Nordic Corporate Banking and Nordic Institutional Banking.

### **Future-proofing our business**

As we look ahead, we aim to build on our position of strength and continue the journey we started three years ago of further investing in our business. By doing so, we strive to continuously develop our capabilities and leverage trends transforming the banking industry, to meet our customers' changing needs and behaviours. Based on this ambition, we have during the year reviewed our strategic direction. This has resulted in SEB's 2030 Strategy, aiming to future-proof our business. Going forward, we will focus on four main areas: *acceleration of efforts*, *strategic change*, *strategic partnerships*, and *efficiency improvement*. Our new three-year business plan for 2022-2024 details how we aim to execute in these areas.

In terms of *acceleration of efforts*, we will strengthen our offering by further building on existing strengths. As part of our ambition to be a leading corporate and investment bank in northern Europe with international reach, we will continue to expand our corporate banking business geographically. We will also broaden our Investment Banking services to SMEs and entrepreneurs and continue to grow our market share within the SME market in Sweden. In addition, we will scale our custody platform through automation and development of our offering. In terms of savings and investments, we will improve our digital channels and advisory capabilities while further developing our alternatives and sustainability offering.

Moreover, we see the need for *strategic change* and for transforming the way we do business within already established areas. This will include further development of our digital Retail Banking self-service offering, based on a mobile first approach and with a human touch offered as appropriate. To further strengthen our focus on entrepreneurs, high-net-worth individuals and their families, we will expand the PWM&FO division in all our home markets, leveraging expertise from across the bank, including Investment Banking. In addition, we will build on SEBx's capabilities, for example exploring opportunities presented by Banking-as-a-Service.

Related to *strategic partnerships*, we will collaborate and partner with external stakeholders, and rethink how we produce and distribute our products and services. We will leverage Open Banking, continue to participate in cross-industry initiatives and build on our venture capital capabilities focusing on fintech start-ups and green technology.

In terms of *efficiency improvement*, we will for example simplify end-to-end processes from a customer perspective, as well as strengthen our regulatory capabilities. By continuing to improve our data management capabilities, this will allow us to accelerate SEB's transformation journey.

### **Investing to accelerate income growth**

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

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

### **A leading catalyst in the sustainability transition**

As a bank we have the opportunity and ability to make a positive impact in society, and we aim to be a leading catalyst in the sustainability transition. In the quarter we presented our sustainability strategy, outlining our role in the transition towards a sustainable society and setting new ambitions and goals within the climate area. These consist of a Carbon Exposure Index, a goal to reduce the fossil credit exposure within our energy portfolio by 45-60 per cent by 2030; a Sustainability Activity Index, which tracks our progress within sustainability-related lending, sustainable finance advisory, sustainable investment products and venture capital investments within Greentech, where the ambition is to increase average activity six to eight times by 2030; and a Transition Ratio, to be communicated in 2022, which reflects how our customers transition in line with the Paris Agreement.

### **Striving for long-term customer and shareholder value**

As the pandemic continues to affect people, businesses and societies, I am proud to see how the dedicated and skilled people working at SEB enable us to constantly enhance our offering. Given our ambition to continuously improve our capabilities, we appreciate the positive feedback we have received in 2021. For example, we were named Bank of the Year by Privata Affärer, one of Sweden's leading financial magazines, and Business Bank of the Year by Swedish companies in the "Finansbarometern" survey. Through our focus on future-proofing the bank, we aim to continue creating value for our customers. That is how we create long-term value for our shareholders and for society at large.



President and CEO

# Fourth quarter 2021

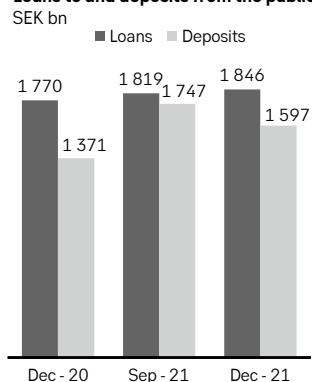
- Return on equity amounted to 12.9 per cent, on a capital management buffer above the regulatory requirement of 590 basis points
- High customer activity in the Large Corporate & Financial Institutions division, mainly in Investment Banking and event-driven financing towards the end of the year
- Assets under management and assets under custody increased significantly during the quarter

## Proposed dividend and share buyback

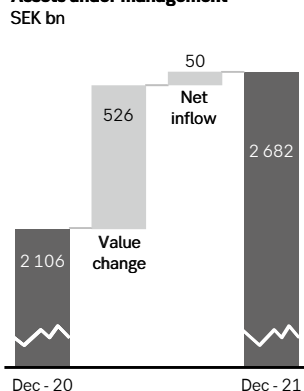
- The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 6.00 per share
- During 2022, SEB plans to distribute between SEK 5-10bn through share buybacks, subject to market conditions

SEK m	Q4		Q3	Q4		Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%
Total operating income	13 870	13 716	1	13 066	6	54 614	49 717	10
Total operating expenses	-6 097	-5 671	8	-5 842	4	-23 245	-22 747	2
Net expected credit losses	-299	-49		-835	-64	-510	-6 118	-92
<b>Operating profit before items affecting comparability</b>	<b>7 476</b>	<b>7 997</b>	<b>-7</b>	<b>6 382</b>	<b>17</b>	<b>30 864</b>	<b>20 846</b>	<b>48</b>
Items affecting comparability							-1 000	-100
<b>Operating profit</b>	<b>7 476</b>	<b>7 997</b>	<b>-7</b>	<b>6 382</b>	<b>17</b>	<b>30 864</b>	<b>19 846</b>	<b>56</b>
<b>NET PROFIT</b>	<b>6 198</b>	<b>6 634</b>	<b>-7</b>	<b>5 123</b>	<b>21</b>	<b>25 423</b>	<b>15 746</b>	<b>61</b>
Return on equity, %	12.9	14.1		12.2		13.9	9.7	
Return on equity excluding items affecting comparability, %	12.9	14.1		12.1		13.9	10.3	
Basic earnings per share, SEK	2.87	3.06		2.37		11.75	7.28	

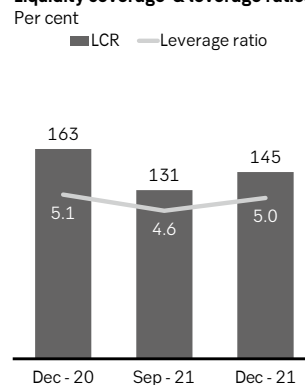
Loans to and deposits from the public



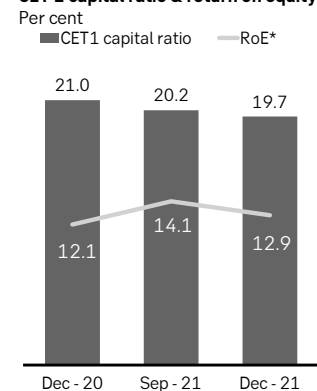
Assets under management



Liquidity coverage & leverage ratios



CET 1 capital ratio & return on equity



\* Excluding items affecting comparability



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## Income statement on a quarterly basis, condensed

	Q4	Q3	Q2	Q1	Q4
SEK m	2021	2021	2021	2021	2020
Net interest income	6 716	6 639	6 570	6 396	6 559
Net fee and commission income	5 885	5 202	5 280	4 776	4 774
Net financial income	1 263	1 837	1 713	2 179	1 784
Net other income	6	37	118	-4	-51
<b>Total operating income</b>	<b>13 870</b>	<b>13 716</b>	<b>13 680</b>	<b>13 347</b>	<b>13 066</b>
Staff costs	-3 795	-3 862	-3 818	-3 897	-3 909
Other expenses	-1 616	-1 336	-1 467	-1 345	-1 473
Depreciation, amortisation and impairment of tangible and intangible assets	-687	-473	-475	-476	-460
<b>Total operating expenses</b>	<b>-6 097</b>	<b>-5 671</b>	<b>-5 759</b>	<b>-5 718</b>	<b>-5 842</b>
<b>Profit before credit losses</b>	<b>7 773</b>	<b>8 045</b>	<b>7 921</b>	<b>7 630</b>	<b>7 224</b>
Gains less losses from tangible and intangible assets	2	1	2	1	-6
Net expected credit losses	-299	-49	-7	-156	-835
<b>Operating profit before items affecting comparability</b>	<b>7 476</b>	<b>7 997</b>	<b>7 916</b>	<b>7 475</b>	<b>6 382</b>
Items affecting comparability					
<b>Operating profit</b>	<b>7 476</b>	<b>7 997</b>	<b>7 916</b>	<b>7 475</b>	<b>6 382</b>
Income tax expense	-1 278	-1 363	-1 342	-1 457	-1 259
<b>NET PROFIT</b>	<b>6 198</b>	<b>6 634</b>	<b>6 574</b>	<b>6 018</b>	<b>5 123</b>
Attributable to shareholders of Skandinaviska Enskilda Banken AB	6 198	6 634	6 574	6 018	5 123
Basic earnings per share, SEK	2.87	3.06	3.04	2.78	2.37
Diluted earnings per share, SEK	2.85	3.04	3.02	2.76	2.35

## Key figures

	Q4	Q3	Q4	Jan-Dec	
	2021	2021	2020	2021	2020
Return on equity, %	12.9	14.1	12.2	13.9	9.7
Return on equity excluding items affecting comparability <sup>1)</sup> , %	12.9	14.1	12.1	13.9	10.3
Return on total assets, %	0.7	0.7	0.7	0.7	0.5
Return on risk exposure amount, %	3.2	3.5	2.8	3.4	2.1
Cost/income ratio	0.44	0.41	0.45	0.43	0.46
Basic earnings per share, SEK	2.87	3.06	2.37	11.75	7.28
Weighted average number of shares <sup>2)</sup> , millions	2 163	2 166	2 161	2 164	2 163
Diluted earnings per share, SEK	2.85	3.04	2.35	11.67	7.23
Weighted average number of diluted shares <sup>3)</sup> , millions	2 178	2 181	2 175	2 179	2 177
Net worth per share, SEK	98.00	95.58	85.99	98.00	85.99
Equity per share, SEK	89.61	88.44	79.53	89.61	79.53
Average shareholders' equity, SEK, billion	192.0	188.1	168.2	183.5	162.2
Net ECL level, %	0.05	0.01	0.14	0.02	0.26
Stage 3 Loans / Total Loans, gross, %	0.53	0.62	0.87	0.53	0.87
Stage 3 Loans / Total Loans, net, %	0.22	0.26	0.44	0.22	0.44
Liquidity Coverage Ratio (LCR) <sup>4)</sup> , %	145	131	163	145	163
Net Stable Funding Ratio (NSFR) <sup>5)</sup> , %	111	111		111	
<u>Own funds requirement, Basel III</u>					
Risk exposure amount, SEK m	787 490	753 104	725 560	787 490	725 560
Expressed as own funds requirement, SEK m	62 999	60 248	58 045	62 999	58 045
Common Equity Tier 1 capital ratio, %	19.7	20.2	21.0	19.7	21.0
Tier 1 capital ratio, %	21.4	21.9	22.7	21.4	22.7
Total capital ratio, %	23.1	23.0	25.1	23.1	25.1
Leverage ratio, %	5.0	4.6	5.1	5.0	5.1
Number of full time equivalents <sup>6)</sup>	15 716	15 543	15 448	15 551	15 335
Assets under custody, SEK bn	21 847	14 237	12 022	21 847	12 022
Assets under management, SEK bn	2 682	2 422	2 106	2 682	2 106

1) Administrative fine in Q2 2020.

2) The number of issued shares was 2,194,171,802. SEB owned 32,211,451 Class A shares at year-end 2020. During 2021 SEB has purchased 2,909,266 shares for the long-term equity programmes and 7,517,408 shares have been sold/distributed. During 2021 SEB has purchased 10,171,296 shares for capital purposes. Thus, at 31 December 2021 SEB owned 37,774,605 Class A-shares with a market value of SEK 4,754m.

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

4) In accordance with the EU delegated act.

5) In accordance with CRR2.

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

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

## Fourth quarter

Operating profit decreased by 7 per cent to SEK 7,476m compared with the third quarter (7,997). Year-on-year profit before credit losses increased by 8 per cent and operating profit increased by 17 per cent. Net profit amounted to SEK 6,198m (6,634).

### Operating income

Total operating income increased by SEK 154m compared with the third quarter and amounted to SEK 13,870m (13,716). Compared with the fourth quarter 2020, total operating income increased by 6 per cent.

Net interest income amounted to SEK 6,716m, which represented an increase of 1 per cent compared with the third quarter (6,639) and an increase of 2 per cent year-on-year.

SEK m	Q4	Q3	Q4
	2021	2021	2020
Customer-driven NII	6 371	6 352	6 973
NII from other activities	345	287	-414
<b>Total</b>	<b>6 716</b>	<b>6 639</b>	<b>6 559</b>

Customer-driven net interest income increased by SEK 19m compared with the third quarter. Increased lending volumes, mainly retail and mid-corp related, benefitted net interest income. However, this was counteracted by an effect of internal funds transfer pricing of deposits. Net interest income from other activities (including for instance funding and other Treasury activities, trading and regulatory fees) improved by SEK 58m compared with the third quarter. The elevated contribution from the Markets operations in the previous quarters declined further in the fourth quarter and is no longer deemed as elevated.

In total, the resolution and deposit guarantee fees amounted to SEK 334m (346).

Net fee and commission income increased by 13 per cent in the fourth quarter to SEK 5,885m (5,202). Compared with the fourth quarter 2020 net fee and commission income increased by 23 per cent.

The favourable market for mergers and acquisitions activity in the third quarter improved further. Gross fee income from issuance of securities and advisory services increased by SEK 92m to SEK 556m. Gross lending fees, mainly event-related, increased by SEK 209m to SEK 984m. Secondary market and derivatives income increased by 27 per cent in the fourth quarter to SEK 548m.

With strong equity markets, the gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 120m to SEK 2,522m compared with the third quarter. Performance fees were seasonally high and amounted to SEK 301m (40).

Net payment and card fees increased by SEK 72m to SEK 985m. The increase was driven by seasonality and the gradual card business recovery.

The net life insurance commissions related to the unit-linked insurance business where average asset values were higher in the fourth quarter amounted to SEK 327m (299).

Net financial income decreased by SEK 574m to SEK 1,263m compared with the third quarter. Year-on-year, net financial income decreased by SEK 521m.

Both foreign exchange, commodities and interest rate-related trading contributed positively to net financial income compared with the previous quarter. The fair value credit adjustment<sup>1)</sup> amounted to SEK -35m as credit spreads widened and decreased by SEK 105m compared with the third quarter. The change in market value of certain strategic holdings amounted to SEK -308m in the fourth quarter, a decrease of SEK 844m quarter-on-quarter.

Net financial income from the Life division increased by SEK 42m.

Net other income amounted to SEK 6m (37). Unrealised valuation and hedge accounting effects are included in this line item.

### Operating expenses

Total operating expenses amounted to SEK 6,097m (5,671) with some seasonal effects. Total operating expenses increased by 8 per cent from the third quarter and by 4 per cent year-on-year.

Staff costs decreased by 2 per cent. Higher salary cost from more full-time equivalent employees was counteracted by lower special salary tax on pensions. The number of full-time equivalents increased to 15,716 (15,543).

The increase in other expenses is related to IT and projects as well as seasonal effects from consulting costs and marketing. Supervisory fees amounted to SEK 36m (43). Goodwill relating to card operations in Norway was impaired during the quarter increasing depreciation costs and amounted to SEK 179m.

The fourth quarter is the last in the business plan for 2019–2021. Costs related to the strategic initiatives in the closing business plan developed broadly according to plan. The current and the new cost target, relating to the business plan for 2022-2024, are commented upon on page 16.

<sup>1</sup> 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 year result is compared with the prior year

-business volumes are compared with the prior quarter



### Net expected credit losses

*Net expected credit losses* amounted to SEK 299m (49), corresponding to a net expected credit loss level of 5 basis points (1). The asset quality of the credit portfolio continued to be strong. Model overlays made in 2020 for the oil portfolio in the Large Corporates & Financial Institutions division and for potential negative Covid-19 effects in the Corporate & Private Customers and Baltic divisions were maintained in the fourth quarter on the back of continued uncertainty around the pandemic development. A fourth wave of Covid-19 escalated towards the end of the year in many countries. This resulted in renewed restrictions and a prolongation or reintroduction of various government support measures which may delay potential negative effects on asset quality.

See further comments on Credit risk and asset quality and Uncertainties on page 13 and 17 and notes 12-14.

### Items affecting comparability

There were no *items affecting comparability* in the fourth quarter of 2021.

### Income tax expense

*Income tax expense* decreased to SEK 1,278m (1,363) with an effective tax rate of 17.1 per cent (17.0).

### Return on equity

*Return on equity* for the fourth quarter decreased to 12.9 per cent (14.1), primarily due to the decrease in net profit in the fourth quarter.

### Other comprehensive income

*Other comprehensive income* amounted to SEK 5,227m (1,238). The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees and the change in net value of the defined benefit pension plans affected other comprehensive income by SEK 4,889m (1,150). The defined benefit pension obligations were unchanged with a limited impact from a change in the Swedish discount rate from 1.55 to 1.60 per cent in the fourth quarter.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash flow hedges and translation of foreign operations amounted to SEK 332m (81).

## The full year

*Operating profit* increased by 56 per cent year-on-year to SEK 30,864m (19,846). *Profit before credit losses* increased by 16 per cent to SEK 31,368m. *Net profit* amounted to SEK 25,423m (15,746).

### Operating income

*Total operating income* increased by SEK 4,897m, or 10 per cent, compared with the full year 2020 and amounted to SEK 54,614m (49,717).

*Net interest income* amounted to SEK 26,321m, which represented an increase of 5 per cent compared with the full year 2020 (25,143).

SEK m	Jan-Dec		Change
	2021	2020	%
Customer-driven NII	26 029	27 585	-6
NII from other activities	292	-2 442	-112
<b>Total</b>	<b>26 321</b>	<b>25 143</b>	<b>5</b>

Customer-driven net interest income decreased by SEK 1,556m year-on-year.

Higher lending margins compensated for a decreased volume effect from corporate lending. Net interest income on deposits decreased significantly and this was mainly an internal transfer pricing effect. Deposit volumes increased with a partial positive effect on customer-driven net interest income.

The 2020 negative net interest income from other activities (including for instance funding and other Treasury activities, trading and regulatory fees) improved by SEK 2,734m and turned positive. Internal transfer pricing effects increased net interest income from other activities. Lower funding costs affected the net interest income positively, as maturing funding was not fully replaced given the strong inflow of deposits. The Markets operations' contribution to net interest income was elevated during the year.

The total resolution and deposit guarantee fees recognised for 2021 increased to SEK 1,364m (1,248).

*Net fee and commission income* amounted to SEK 21,142m (18,063), and increased 17 per cent year-on-year.

The rebound of the equity and debt capital markets compared with 2020 had a positive effect. Income from the issue of securities and advisory services increased by 76 per cent to SEK 1,954m. Gross lending fees increased by SEK 196m to SEK 3,200m.

Net payment and card fees amounted to SEK 3,512m which represented an increase of 7 per cent year-on-year. The negative 2020 Covid-19 impact on payment and card fees has gradually reversed in 2021.

Also reflecting the gradual reversal of pandemic-related effects, equity markets developed positively compared with 2020. The gross fee income from custody and mutual funds, excluding performance fees, increased by SEK 1,455m to SEK 9,328m year-on-year. Performance fees amounted to SEK 675m, an increase by 122 percent compared with 2020.

The net life insurance commissions related to the unit-linked insurance business amounted to SEK 1,207m (1,084).

*Net financial income* increased by SEK 717m to SEK 6,992m year-on-year.

The change in market value of certain strategic holdings increased net financial income by SEK 557m, an increase of SEK 246m compared with the full year 2020. The second quarter saw a SEK 514m valuation gain relating to an agreement with Visa Inc. for the acquisition of SEB's shares in the fintech company Tink.

As the financial markets were less volatile than in 2020, the net financial income derived from customers' risk management transactions decreased.

The fair value credit adjustment<sup>1</sup> amounted to SEK 300m as credit spreads continued to tighten reflecting an improvement of SEK 511m compared with the full year of 2020.

Net financial income within the Life division primarily related to the traditional life portfolios in Sweden improved by SEK 384m year-on-year.

*Net other income* amounted to SEK 159m (236).

Unrealised valuation and hedge accounting effects are included in this line item.

### Operating expenses

*Total operating expenses* increased by 2 per cent year-on-year and amounted to SEK 23,245m (22,747).

Staff costs increased by 3 per cent mainly due to increased salary expenses and social costs for long-term incentive programmes which increased in line with the appreciation of the SEB share price. Reduced travel and fewer events in the wake of Covid-19 among other things decreased other expenses by 2 per cent. Supervisory fees amounted to SEK 170m (141). There was a goodwill impairment in the fourth quarter 2021 amounting to SEK 179m.

### Net expected credit losses

*Net expected credit losses* amounted to SEK 510m (6,118), corresponding to a net expected credit loss level of 2 basis points (26). The asset quality of the credit portfolio continued to be strong. Model overlays were made in 2020 for the oil portfolio in the Large Corporates & Financial Institutions division and for potential negative Covid-19 effects in the Corporate & Private Customers and Baltic divisions. These were maintained during the year on the back of continued uncertainty around the pandemic development. A fourth wave of the coronavirus escalated towards the end of the year in many countries resulting in renewed restrictions and a

prolongation or reintroduction of various government support measures which may delay potential negative effects on asset quality.

See further comments on Credit risk and asset quality and Uncertainties on page 13 and 17 and notes 12-14.

### Items affecting comparability

There were no *items affecting comparability* in 2021, but in 2020 an item affecting comparability was reported. See note 8.

### Income tax expense

*Income tax expense* rose to SEK 5,441m (4,100) with an effective tax rate of 17.6 per cent (20.7). A number of factors affected the effective tax rate, namely the lower corporate tax rate in Sweden and certain tax-exempt gains.

### Return on equity

*Return on equity* for 2021 improved to 13.9 per cent (9.7). Return on equity excluding items affecting comparability was 13.9 per cent (10.3). Other comprehensive income increased equity, thereby lowering return on equity, all else equal. See section below.

### Other comprehensive income

*Other comprehensive income* amounted to SEK 14,783m (637).

The value of SEB's pension plan assets continued to exceed the defined benefit obligations to the employees and the change in net value of the defined benefit pension plans affected other comprehensive income by SEK 14,061m (1,839). This change increased equity significantly.

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 708m (-1,132).

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

## Operating profit by country

SEK m	Distribution by country Jan - Dec									Operating profit in local currency excl IAC		
	Total operating income			Total operating expenses			Operating profit excl IAC			2021	2020	%
	2021	2020	%	2021	2020	%	2021	2020	%			
Sweden <sup>1)</sup>	35 667	34 097	5	-15 668	-15 058	4	19 289	13 572	42	19 289	13 572	42
Norway <sup>3)</sup>	3 172	540		-1 469	-1 345	9	1 699	-928		1 702	-948	
Denmark <sup>3)</sup>	2 640	2 434	8	-1 245	-1 191	5	1 405	1 185	19	1 030	842	22
Finland <sup>3)</sup>	2 146	1 881	14	-834	-802	4	1 311	1 051	25	129	100	29
Germany <sup>3)</sup>	2 328	2 228	4	-781	-823	-5	1 546	1 390	11	152	133	15
Estonia	1 903	1 914	-1	-687	-693	-1	1 250	1 099	14	123	105	18
Latvia	1 214	1 159	5	-567	-578	-2	738	415	78	73	40	84
Lithuania	2 308	2 310	0	-850	-861	-1	1 554	1 305	19	153	124	23
United Kingdom	1 346	753	79	-400	-362	10	939	393	139	80	33	139
International network	2 423	2 701	-10	-1 278	-1 334	-4	1 132	1 359	-17			
Eliminations	-534	-299	78	534	299	78	1	5				
<b>Total<sup>2)</sup></b>	<b>54 614</b>	<b>49 717</b>	<b>10</b>	<b>-23 245</b>	<b>-22 747</b>	<b>2</b>	<b>30 864</b>	<b>20 846</b>	<b>48</b>			

1) Sweden: Operating profit amounted to SEK 19,289m for 2021 and SEK 12,572m for 2020

2) Total: Operating profit amounted to SEK 30,864m for 2021 and SEK 19,846m for 2020.

3) SEB applies a "One Name Lending" concept where income and expenses related to relevant third-party loans are initially booked in SEB Sweden. When responsibility for the functions that create the loan lies in another jurisdiction, the result of the loan transaction is subsequently transferred from Sweden to the relevant jurisdiction. In 2020, credit losses had a major impact on earnings and thus also on the revenue booked in the branch

### The full year

*Sweden:* Operating profit increased by 42 per cent year-on-year. Stable growth in household and corporate lending volumes contributed to net interest income growth. The operating costs increased from investments in strategic initiatives and goodwill impairment relating to card operations.

*Norway:* With continued high activity in the capital markets SEB participated in an increased number of transactions and took a strong position in advisory services within Investment Banking. SEB was highly involved in supporting clients' transition towards sustainability, both through green and sustainability-linked products and advisory. The income for the year was somewhat affected by changing market conditions and interest levels. The result in 2020 was negatively impacted by oil-related net expected credit losses.

*Denmark:* The economic and business climate was strong in 2021 which was reflected across the bank's corporate and investment banking activities as well as in the very strong operating profit. Customers' demand for risk management services was high in a financial market with high volatility.

*Finland:* Customer activity was very strong during the year and resulted in a record high operating income with improved profitability. Growth was generated in investment banking services, energy, infrastructure and sustainable banking solutions.

*Germany:* The economy recovered in 2021 but growth was hampered by precautionary measures to protect against the pandemic and global supply chain bottlenecks. Clients exited Covid-19-related liquidity facilities from 2020 while investment activity was high in infrastructure, energy and in relation to the future de-carbonisation of most industry sectors. A significant number of new clients were onboarded.

*Estonia, Latvia and Lithuania:* Operating profit in each of the Baltic countries showed positive development supported by increased customer activity, especially in household mortgages. The macroeconomic development was more stable, especially in Estonia and Lithuania, and deposits increased in each country. See comments on the divisional result for the fourth quarter on page 21 for more information.

*United Kingdom:* 2021 was characterised by the resurgence of the pandemic and rising inflation. Despite this the financial results were strong confirming the continued positive momentum with clients. Sustainability remained a core theme and a number of sustainable transactions on behalf of clients were executed in line with the ambition to steer towards a sustainable climate. The result in 2020 was negatively impacted by oil-related net expected credit losses.

*International network:* SEB continued to support its home market clients as a reliable long-term partner with a clear international strategy, presence and local advisory capabilities. The result was solid business performance across products with the exception from financing. There is ample liquidity in most markets and customers' demand was subdued given that they are performing well and are cash rich.

## Business volumes

Total assets at 31 December 2021 amounted to SEK 3,304bn, representing a decrease of SEK 280bn from the third quarter (3,585) and an increase of SEK 264bn since year-end 2020 balance of SEK 3,040bn.

### Loans

SEK bn	31 Dec	30 Sep	31 Dec
	2021	2021	2020
General governments	17	17	16
Financial corporations	101	92	79
Non-financial corporations	900	869	848
Households	704	690	656
Collateral margin	44	35	59
Reverse repos	81	116	112
<b>Loans to the public</b>	<b>1 846</b>	<b>1 819</b>	<b>1 770</b>

Loans to the public increased by SEK 27bn in the fourth quarter. Loans to non-financial corporations increased by SEK 31bn driven by increased demand and partly due to a weaker Swedish krona. Household lending grew by SEK 13bn in the fourth quarter driven by household mortgages in both Sweden and the Baltic countries.

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

### Deposits and borrowings

SEK bn	31 Dec	30 Sep	31 Dec
	2021	2021	2020
General governments	20	25	17
Financial corporations	368	494	285
Non-financial corporations	673	680	605
Households	439	425	383
Collateral margin	88	89	71
Repos	8	31	7
Registered bonds	1	2	3
<b>Deposits and borrowings from the public</b>	<b>1 597</b>	<b>1 747</b>	<b>1 371</b>

Throughout 2021, both non-financial and financial corporations and households chose bank accounts as a safe investment alternative as quantitative easing measures continued to increase liquidity in the financial system. Since year-end, deposits and borrowings from the public increased by SEK 226bn. In the fourth quarter, financial institutions normally review their cash management and financial position, leading to deposit withdrawals. Deposits and borrowings from the public decreased by SEK 149bn in the fourth quarter to SEK 1,597bn (1,747).

### Debt securities

Debt securities decreased by SEK 144bn to SEK 206bn in the fourth quarter. Compared with year-end 2020, debt securities decreased by SEK 59bn. The securities are short-term in nature and have a high credit worthiness. The volume movements mirrored the changes in SEB's deposit base in 2021.

### Assets under management and custody

Total *assets under management* amounted to SEK 2,682bn (2,422). The market value moved with the equity markets and increased by SEK 237bn during the quarter (29). Inflows and outflows of assets under management during the quarter netted to SEK 23bn (-8).

*Assets under custody* amounted to SEK 21,847bn (14,237). The Nordic custody market changed during the year with one player exiting the business. SEB was able to assist customers and several new mandates were brought on, especially in the fourth quarter. At the same time positive financial markets increased assets values.

## Risk and capital

SEB's business is exposed to many different types of risks. The risk composition of the group, as well as the related risk, liquidity and capital management, are described in SEB's Annual and Sustainability Report for 2020 (see page 74-79 and notes 40 and 41), in the Capital Adequacy and Risk Management Report for 2020 as well as the quarterly additional Pillar 3 disclosures. Further information is available in the Fact Book that is published quarterly.

### Credit risk and asset quality

SEK bn	31 Dec	30 Sep	31 Dec
	2021	2021	2020
Banks	102	106	85
Corporates	1 473	1 337	1 308
Commercial real estate management	188	186	196
Residential real estate management	152	150	143
Housing co-operative associations Sweden	74	73	66
Public administration	83	86	82
Household mortgage	670	669	629
Household other	86	84	83
<b>Total credit portfolio</b>	<b>2 828</b>	<b>2 691</b>	<b>2 591</b>

SEB's credit portfolio, which includes loans, contingent liabilities and derivatives, increased by SEK 137bn in the fourth quarter to SEK 2,828bn (2,691). The corporate credit portfolio increased by SEK 136bn, driven by transaction related credit growth and partly due to a weaker Swedish krona. Other segments were virtually unchanged and an increase in Swedish mortgage loans was offset by a decrease in loan commitments.

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

Credit-impaired loans (gross loans in stage 3) continued to decrease in the fourth quarter to SEK 9.8bn (11.2), which corresponds to 0.53 per cent of total loans (0.62). The decrease was driven mainly by write-offs and positive risk migration. Gross exposures in Stage 1 increased due to new lending volumes, while gross exposures in Stage 2 decreased somewhat due to positive risk migration. See net expected credit loss comment on page 9 and 10.

Notes 12-14 provide a more detailed breakdown of SEB's loan portfolio by industry and asset quality as well as corresponding ECL allowances. The Fact book provides a breakdown of SEB's credit portfolio and lending portfolio by industry and country.

### Market risk

SEB's business model is mainly driven by customer demand. Value-at-Risk (VaR) in the regulatory trading book decreased and averaged SEK 139m for 2021 compared with SEK 210m for 2020 and SEK 209m at the end of the third quarter 2021. The VaR decrease is mainly explained by the volatile market period of March 2020 going out of the 250-day VaR model scope. The group does not expect to lose more than this amount, on average, during a period of ten trading days with 99 per cent probability.

### Liquidity and funding

SEB has maintained a strong and diversified liquidity and funding position in the quarter. The loan-to-deposit ratio was 111 per cent per 31 December 2021 (99).

As a consequence of the strong deposit inflows in 2020, which continued in 2021 albeit at a slower pace, SEB's long-term funding need in the fourth quarter continued to be limited. SEK 51bn of long-term funding matured during the quarter, of which the vast majority was covered bonds. New issuance amounted to SEK 20bn of which SEK 8bn constituted covered bonds, SEK 7bn senior debt and SEK 5bn subordinated debt (tier 2 capital). Short-term funding in the form of commercial paper and certificates of deposit decreased by SEK 22bn during the fourth quarter.

Liquid assets defined according to the liquidity coverage ratio (LCR) requirements amounted to SEK 672bn at 31 December 2021 (937) and the LCR ratio was 145 per cent (131).

The net stable funding ratio (NSFR) requirement is that stable funding shall be at least 100 per cent of illiquid assets. Per 31 December 2021, SEB's NSFR ratio was 111 per cent (111).

### Rating

Fitch rates SEB's long-term senior unsecured debt at AA- with a 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 October 2021.

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



S&P rates SEB's long-term senior unsecured debt at A+ with a stable outlook. The rating is based on the stable and low-risk operating environment in Sweden, the bank's stable and well-diversified revenue base and leading position among large Nordic corporates, robust capitalisation and resilient earnings, despite expected increasing pressure on revenues and asset quality in the economic environment. The rating was affirmed in May 2021.

### Risk exposure amount

In the fourth quarter, the total risk exposure amount (REA) increased by SEK 34bn to SEK 787bn.

The main reason for the change was growth in the corporate credit portfolio that amounted approximately to SEK 31bn. Moreover, foreign exchange movements, where the SEK depreciated against e.g. the EUR and USD, also increased REA. Some of the increment was offset by improvements in the asset quality, decreasing REA by approximately SEK 2bn.

SEK bn	
<b>Balance 30 Sep 2021</b>	<b>753</b>
Underlying credit risk change	35
- whereof asset size	31
- whereof asset quality	-2
- whereof foreign exchange movements	6
Underlying market risk change	0
- whereof CVA risk	0
Underlying operational risk change	0
Model updates, methodology & policy, other	0
- whereof credit risk	0
<b>Balance 31 Dec 2021</b>	<b>787</b>

### Capital position

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

	31 Dec	30 Sep	31 Dec
Own funds requirement, Basel III	2021	2021	2020
Risk exposure amount, SEK bn	787	753	726
Common Equity Tier 1 capital ratio, %	19.7	20.2	21.0
Tier 1 capital ratio, %	21.4	21.9	22.7
Total capital ratio, %	23.1	23.0	25.1
Leverage ratio, %	5.0	4.6	5.1

SEB's Common Equity Tier 1 (CET1) capital ratio was 19.7 per cent (20.2), mainly driven by an increase of REA of SEK 34bn. The full deduction of SEK 2.5bn for the planned and ongoing share buyback programme was made in the third quarter.

SEB's applicable CET1 capital requirement and pillar 2 guidance (P2G) per the end of 2021 was 13.8 per cent (13.8). SEB's target is to have a buffer of 100 to 300 basis points above the capital requirement. The buffer shall cover sensitivity to currency fluctuations in REA, changes in the net value of the Swedish defined benefit pension plan as well as general macroeconomic uncertainties. The buffer is currently approximately 590 basis points (640).

SEB's leverage ratio was 5.0 per cent at the end of the year (4.6) whereas the leverage ratio requirement and P2G was 3.45 per cent.

### Dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 6.00 per Class A and Class C share, which corresponds to around 51 per cent of the 2021 net profit. The total dividend amounts to SEK 12.9bn calculated on the total number of issued shares as per 31 December 2021 excluding own shares held.

The proposed record date for the dividend is 24 March 2022 and dividend payments will be paid out on 29 March 2022. The SEB share will be traded ex-dividend on 23 March 2022.

In the fourth quarter 2021 a further ordinary dividend was distributed to the shareholders. The further ordinary dividend of SEK 4.10 per share, together with the ordinary dividend of SEK 4.10 per share that was distributed in April 2021, correspond to around 50 per cent of SEB's net profit for the financial years 2019 and 2020.

### Internally assessed capital requirement

As per 31 December 2021, the internally assessed capital requirement, including insurance risk, amounted to SEK 102bn (87). During the fourth quarter of the year, a review of the economic capital methodology and processes resulted in a number of adjustments, leading to an increase in the internal capital requirement. However, the underlying risk remained essentially unchanged. 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 83bn (74).

## Business development

2021 is the last year of SEB's current three-year business plan. Throughout this period, we have delivered on our strategic focus areas Advisory leadership, Operational excellence and Extended presence.

### Advisory leadership

In the quarter, SEB regained its leading position in the Nordic Institutional Banking customer survey by Prospera and maintained its number one ranking in its survey of corporate customers. In addition, SEB was for the first time named "Bank of the Year" by the Swedish personal finance magazine *Privata Affärer*.

In the quarter, SEB announced an important step in its retail distribution strategy in Sweden; visits to the branch offices are now made through booked appointments rather than drop-in for customer service errands that cannot be handled through the digital or remote channels. The aim is to meet the customers' changed behaviour and create a better customer experience while improving accessibility by extending opening hours for booked appointments. Since the implementation of this change in mid-November, significantly fewer service errands are handled through physical meetings and the number of monthly active private app users increased by 8 per cent in December 2021 compared with a year ago.

To further strengthen the savings and investments offering, SEB launched research and recommendations from SEB Equities in the private mobile app, initially giving customers access to recommendations for their existing equity holdings. Additionally, SEB launched streaming of real time prices, in both the private mobile app and internet bank, for all securities listed on Nasdaq, Nordic Growth Market and Spotlight in Sweden, Finland and Denmark. 'Dark mode' was launched in the private and corporate mobile apps, a design feature that has been much asked for by customers.

### Operational excellence

SEB's focus on end-to-end automation of selected processes continued during the quarter. In the past three years, time corresponding to 566 full-time equivalents (FTEs) has been freed up by automating manual tasks and enabling customer self-service, and tasks corresponding to 304 FTEs have been moved to global service centres in Riga and Vilnius.

### Extended presence

Through a partnership with the Swedish business and credit reference agency UC, corporate customers can now access credit reports via Business Arena, SEB's portal for Swedish corporate customers. This means we expand the offering of products and services available in SEB's customer interface and further integrate with our customers' digital ecosystems.

In the Baltics, a joint project with Tartu University resulted in a new "colleague" named Leonardo. It is a robot using computer vision based on machine learning to automate the analysis, processing and uploading of real estate pictures which are sent by customers to the bank, a mandatory step in the mortgage lending process. This has reduced the manual routine work in the process.

### Sustainability

In November, SEB held a virtual sustainability event presenting the bank's updated sustainability strategy, which includes three climate-related ambitions and goals. They consist of a Carbon Exposure Index, a Sustainability Activity Index, and a Transition Ratio, which will be transparently tracked and reported upon.

SEB also established the SEB External Sustainability Advisory Board, with leading experts within the sustainability field. The purpose of the board is to gain insights in matters concerning sustainability from experts representing diverse experience and professions outside the financial industry, in order to help increase SEB's knowledge and awareness, and make SEB better equipped to identify future challenges and opportunities.

In line with the bank's ambition to grow sustainable assets under management, SEB's fund company launched two new funds – SEB Global Climate Opportunity Fund and SEB Global Equal Opportunity Fund. Both funds are categorised as dark green in accordance with Article 9 in the Sustainable Finance Disclosure Regulation (SFDR).

In the quarter, SEB Greentech made an investment in ClimateView, a Swedish company that has developed a dynamic planning and visualisation tool that helps cities and municipalities reduce their carbon footprint in accordance with global climate targets. This is SEB Greentech's fourth investment, and a total of SEK 70m of the unit's initial investment capital of SEK 300m has been used.

The green mortgage product was launched in Latvia and Lithuania offering more favourable terms to customers when buying or building energy efficient housing. The product will be launched in Estonia in 2022. Furthermore, SEB launched a mobile app called MyFootprint/SEB in the Baltics. The app, which makes it easier for customers to contribute to a better environment and stable climate, is the first of its kind in the region.

SEB saw a significant improvement in its global climate rating from CDP (Carbon Disclosure Project); advancing from a "D" to a "B" rating, which is in line with peer financial institutions. SEB also improved from second place to a shared first place among Swedish banks in the annual sustainability ranking made by the financial newspaper *Dagens Industri*, *Aktuell Hållbarhet* and the University of Lund.

## Other information

### Long-term financial targets for the group

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

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

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

### Financial aspirations for the divisions

In early 2021, SEB established long-term aspirations for its divisions which will be evaluated annually. The following table displays the long-term aspirations and the outcome for 2021.

Division	Return on business equity		Outcome	
	Return on business equity	Cost/income ratio	Return on business equity	Cost/income ratio
LC&FI	>13%	<0.50	14.5%	0.43
C&PC	>17%	<0.40	15.6%	0.46
Baltic	>20%	<0.35	22.3%	0.40
Life	>30%	<0.45	41.4%	0.40
Investment Management	>40%	<0.40	76.1%	0.30

In 2021, SEB announced a reorganisation where parts of the Corporate & Private Customers division formed a separate unit, the Private Wealth Management & Family Office division. As a part of the annual review of the aspirational targets going into 2022, the cost-income ratio target for Baltic was increased and new targets were set for C&PC and PWM&FO.

Division	Return on business equity	Cost/income ratio
LC&FI	>13%	<0.50
C&PC	>16%	<0.40
PWM&FO	>25%	<0.50
Baltic	>20%	<0.40
Life	>30%	<0.45
Investment Management	>40%	<0.40

### Business plan 2019–2021 and cost target

SEB's business plan for 2019–2021 defined a number of strategic initiatives which, on an accumulated basis, were estimated to lead to total additional investments of SEK 2-2.5bn during the three-year period 2019–2021. This translated into an annual cost increase of SEK 1bn by 2021, and a total cost target of SEK 23bn (+/- 200m), assuming 2018 foreign exchange rates, by 2021. With the foreign exchange rates as of 31 December 2021, the cost target implies a cost level between SEK 22.6bn and SEK 23bn in 2021. SEB's total operating expenses amounted to SEK 23.2bn, marginally above the cost target for the year.

### Business plan 2022-2024 and cost target

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

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

### Impact from exchange rate fluctuations

The currency effect on operating profit for the fourth quarter 2021 was SEK -5m (14). Compared with the fourth quarter 2020, the currency effect on operating profit was SEK 1m (-18).

Compared with the third quarter 2021, the weaker Swedish krona increased loans to and deposits from the public by SEK 12bn (6) and SEK 12bn (9), respectively while total REA increased by SEK 7bn (2) and the increase of total assets was SEK 22bn (10).

### Changes in Group Executive Committee

As per 8 December 2021, Peter Kessiakoff was appointed as acting Chief Financial Officer and member of the Group Executive Committee. At the same date Masih Yazdi, SEB's Chief Financial Officer took a leave of absence until further notice for personal reasons.

### Events after the reporting date

Jeanette AlMBERG, currently Head of Group Human Resources and a member of the bank's Group Executive Committee (GEC), has been appointed as new Head of Business Support & Operations and a member of GEC. Robert Celsing, currently Head of FICC Markets at SEB, has been appointed new Head of Group Human Resources and a member of GEC. Nina Korfu-Pedersen, currently Head of Business Support & Operations, has been appointed Chief Transformation Officer for Control & Staff Functions. The changes are effective as of 1 February 2022.

## Uncertainties

The financial and economic consequences of the Covid-19 pandemic have been extensive in SEB's home markets and the continued recovery is dependent on the pandemic development and government and central bank measures. SEB is continuously assessing the asset quality of its credit portfolio using several different economic scenarios. Financial markets volatility may adversely impact fair values of certain financial instruments and holdings, and consequently, net financial income and capital.

The interest rate levels – in Sweden in particular the repo rate – are key factors affecting net interest income and operating profit. At the monetary policy meeting on 24 November 2021, the Executive Board of the Riksbank (the Swedish central bank) decided to hold the repo rate unchanged at zero per cent. The Riksbank expects that the repo rate will be raised at the latter part of 2024.

SEB has in its quarterly reports since the third quarter of 2017, communicated that German tax authorities are reviewing historical transactions made by SEB's wholly owned subsidiary DSK Hyp AG (DSK Hyp), involving the crediting of withholding tax on dividends paid on German shares. The review relates predominately to transactions that were carried out before a change in Germany's tax legislation came into force in 2016.

As communicated by SEB in press releases on 22 December 2020 and 15 December 2021, the tax authority in Frankfurt has requested DSK Hyp to repay reported withholding tax from more than five years ago. These claims were based on recently amended federal administrative guidance that has been applied with a retroactive effect and its scope is still not clear. The tax authority has reclaimed withholding tax in DSK Hyp's customer business of EUR 936m, excluding interest, out of a total withholding tax paid during the period of 2008-2015 of approximately EUR 1,500m. Further reclaims cannot be ruled out.

SEB is of the opinion that the cross-border securities lending transactions of SEB that are under review by German tax authorities were conducted in compliance with then prevailing rules and SEB's external legal advisors conclude that the tax authority's reclaims in that regard should be unlawful under German and EU law. DSK Hyp will appeal these claims. Hence, to date and in accordance with current accounting rules, no provisions have been made on group level. It cannot be ruled out that the review may lead to negative financial effects for the SEB Group. The legal proceedings are estimated to take several years as it is expected that the matter will require a decision by at least the German Federal Fiscal Court.

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

As earlier communicated, DSK Hyp was in July 2018 informed that public prosecutor's office had opened an investigation against one former employee, and possibly also against other individuals then not known to DSK Hyp, for the allegation of having assisted in tax evasion where unpaid tax has been claimed and reimbursed. The investigation is still ongoing and as far as DSK Hyp is aware, a number of employees are being investigated for the alleged involvement in tax evasion of a severe nature. This extended scope of the investigation was conveyed to DSK Hyp in conjunction with a search of the premises of DSK Hyp and Skandinaviska Enskilda Banken AB Frankfurt branch in December 2021. It is unclear what impact this investigation may have on the tax audit of withholding tax referred to above.

As far as DSK Hyp is aware, no indictments have been filed against any of these employees. It cannot be ruled out that the investigation or potential indictments may lead to negative financial effects for the SEB Group. DSK Hyp is cooperating with the public prosecutor's office.

# Business segments

## Income statement by segment

Jan-Dec 2021, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
Net interest income	10 980	11 654	2 982	-27	780	-48	26 321
Net fee and commission income	7 747	5 519	1 695	2 853	3 367	-39	21 142
Net financial income	3 749	529	345	1 044	1 348	-23	6 992
Net other income	23	23	8	48	62	-5	159
<b>Total operating income</b>	<b>22 499</b>	<b>17 726</b>	<b>5 030</b>	<b>3 918</b>	<b>5 556</b>	<b>-115</b>	<b>54 614</b>
Staff costs	-4 244	-3 429	-882	-874	-5 944	1	-15 372
Other expenses	-5 355	-4 437	-1 105	-679	5 697	115	-5 763
Depreciation, amortisation and impairment of tangible and intangible assets	-64	-274	-30	-20	-1 723		-2 110
<b>Total operating expenses</b>	<b>-9 663</b>	<b>-8 139</b>	<b>-2 017</b>	<b>-1 573</b>	<b>-1 970</b>	<b>115</b>	<b>-23 245</b>
<b>Profit before credit losses</b>	<b>12 836</b>	<b>9 588</b>	<b>3 013</b>	<b>2 345</b>	<b>3 587</b>	<b>0</b>	<b>31 368</b>
Gains less losses from tangible and intangible assets	1	0	4	0	0		5
Net expected credit losses	-660	-70	216	0	7	-3	-510
<b>Operating profit before items affecting comparability</b>	<b>12 177</b>	<b>9 518</b>	<b>3 233</b>	<b>2 346</b>	<b>3 594</b>	<b>-3</b>	<b>30 864</b>
Items affecting comparability							
<b>Operating profit</b>	<b>12 177</b>	<b>9 518</b>	<b>3 233</b>	<b>2 346</b>	<b>3 594</b>	<b>-3</b>	<b>30 864</b>

Jan-Dec 2020, SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
Net interest income	11 060	12 337	3 113	-31	-1 165	-170	25 143
Net fee and commission income	6 472	4 915	1 584	2 454	2 657	-19	18 063
Net financial income	4 226	379	325	660	684	2	6 275
Net other income	87	30	-2	5	120	-4	236
<b>Total operating income</b>	<b>21 845</b>	<b>17 661</b>	<b>5 019</b>	<b>3 088</b>	<b>2 295</b>	<b>-191</b>	<b>49 717</b>
Staff costs	-4 238	-3 444	-880	-867	-5 562	15	-14 976
Other expenses	-5 250	-4 138	-1 105	-733	5 185	176	-5 864
Depreciation, amortisation and impairment of tangible and intangible assets	-68	-69	-32	-21	-1 717	0	-1 906
<b>Total operating expenses</b>	<b>-9 555</b>	<b>-7 651</b>	<b>-2 017</b>	<b>-1 621</b>	<b>-2 094</b>	<b>191</b>	<b>-22 747</b>
<b>Profit before credit losses</b>	<b>12 289</b>	<b>10 010</b>	<b>3 002</b>	<b>1 467</b>	<b>202</b>	<b>0</b>	<b>26 970</b>
Gains less losses from tangible and intangible assets	1	0	2	0	-9		-7
Net expected credit losses	-4 865	-827	-425	1	-4	2	-6 118
<b>Operating profit before items affecting comparability</b>	<b>7 425</b>	<b>9 182</b>	<b>2 579</b>	<b>1 468</b>	<b>189</b>	<b>2</b>	<b>20 846</b>
Items affecting comparability					-1 000		-1 000
<b>Operating profit</b>	<b>7 425</b>	<b>9 182</b>	<b>2 579</b>	<b>1 468</b>	<b>-811</b>	<b>2</b>	<b>19 846</b>



## Large Corporates & Financial Institutions

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

### Income statement

SEK m	Q4		Q3	Q4		Jan–Dec		
	2021	2021	%	2020	%	2021	2020	%
Net interest income	2 676	2 655	1	2 936	-9	10 980	11 060	-1
Net fee and commission income	2 175	1 877	16	1 751	24	7 747	6 472	20
Net financial income	1 002	790	27	1 121	-11	3 749	4 226	-11
Net other income	-4	32		-27	-87	23	87	-74
<b>Total operating income</b>	<b>5 849</b>	<b>5 355</b>	<b>9</b>	<b>5 781</b>	<b>1</b>	<b>22 499</b>	<b>21 845</b>	<b>3</b>
Staff costs	-1 093	-1 062	3	-1 097	0	-4 244	-4 238	0
Other expenses	-1 414	-1 318	7	-1 391	2	-5 355	-5 250	2
Depreciation, amortisation and impairment of tangible and intangible assets	-14	-16	-13	-17	-18	-64	-68	-5
<b>Total operating expenses</b>	<b>-2 521</b>	<b>-2 397</b>	<b>5</b>	<b>-2 506</b>	<b>1</b>	<b>-9 663</b>	<b>-9 555</b>	<b>1</b>
<b>Profit before credit losses</b>	<b>3 328</b>	<b>2 958</b>	<b>13</b>	<b>3 275</b>	<b>2</b>	<b>12 836</b>	<b>12 289</b>	<b>4</b>
Gains less losses from tangible and intangible assets	0	0	-23	0	3	1	1	-6
Net expected credit losses	-287	-137	109	-632	-55	-660	-4 865	-86
<b>Operating profit before items affecting comparability</b>	<b>3 042</b>	<b>2 821</b>	<b>8</b>	<b>2 643</b>	<b>15</b>	<b>12 177</b>	<b>7 425</b>	<b>64</b>
Items affecting comparability								
<b>Operating profit</b>	<b>3 042</b>	<b>2 821</b>	<b>8</b>	<b>2 643</b>	<b>15</b>	<b>12 177</b>	<b>7 425</b>	<b>64</b>
Cost/Income ratio	0.43	0.45		0.43		0.43	0.44	
Business equity, SEK bn	64.3	65.3		68.8		64.7	70.3	
Return on business equity, %	14.6	13.3		11.8		14.5	8.1	
Number of full time equivalents <sup>1)</sup>	2 230	2 180		2 054		2 150	2 080	

<sup>1)</sup> Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

- Event-driven financing picked up in a seasonally stronger fourth quarter
- Continued growth in assets under custody as new mandates were entrusted to the bank
- Operating profit amounted to SEK 3,042m and return on business equity was 14.6 per cent

### Comments on the fourth quarter

The positive market sentiment continued and activity within capital markets surged in the seasonally stronger fourth quarter. Transaction activity in the primary market continued following an already strong trend throughout 2021.

Within the *large corporate* customer segment, high investment banking activity was reflected by an uptick in event-driven transactions, predominantly within mergers and acquisitions (M&A) but also within equity capital markets. On the back of this, credit commitments and bridge financing increased while underlying lending was stable. Focus on sustainability and transition agendas remained high and concurrently, activity in the private equity space continued with elevated interest in project and infrastructure financing.

Client activity within the *financial institutions* customer segment was impacted positively by the general positive equity market sentiment, supporting equity execution and financing, and the higher volatility in the rates and foreign exchange markets. Demand within the credit market was

stable and alternative asset classes continued to be of high interest. Assets under custody increased to SEK 21,847bn (14,237) mainly as an effect of new mandates being onboarded. The Nordic custody market has changed with one player exiting the business.

Operating income amounted to SEK 5,849m. Net interest income amounted to SEK 2,676m where effects from higher private equity lending activity were offset by changes in the internal funds transfer pricing. Net fee and commission income increased to SEK 2,175m, driven by higher activity within investment banking. Net financial income increased to SEK 1,002m, driven by the higher demand for risk management services. Operating expenses increased to SEK 2,521m. Net expected credit losses amounted to SEK 287m, with a net expected credit loss level of 9 basis points. See page 9.

## Corporate & Private Customers

The division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries. Nordic high-net-worth individuals are offered leading private banking services with global reach.

### Income statement

SEK m	Q4			Q3		Q4		Jan–Dec		
	2021	2021	%	2020	%	2021	2020			
Net interest income	2 787	2 812	-1	3 241	-14	11 654	12 337	-6		
Net fee and commission income	1 485	1 432	4	1 261	18	5 519	4 915	12		
Net financial income	162	118	37	100	62	529	379	40		
Net other income	8	4	110	6	18	23	30	-21		
<b>Total operating income</b>	<b>4 442</b>	<b>4 366</b>	<b>2</b>	<b>4 609</b>	<b>-4</b>	<b>17 726</b>	<b>17 661</b>	<b>0</b>		
Staff costs	-847	-853	-1	-878	-4	-3 429	-3 444	0		
Other expenses	-1 202	-1 065	13	-1 186	1	-4 437	-4 138	7		
Depreciation, amortisation and impairment of tangible and intangible assets	-208	-22		-17		-274	-69			
<b>Total operating expenses</b>	<b>-2 257</b>	<b>-1 940</b>	<b>16</b>	<b>-2 081</b>	<b>8</b>	<b>-8 139</b>	<b>-7 651</b>	<b>6</b>		
<b>Profit before credit losses</b>	<b>2 184</b>	<b>2 427</b>	<b>-10</b>	<b>2 528</b>	<b>-14</b>	<b>9 588</b>	<b>10 010</b>	<b>-4</b>		
Gains less losses from tangible and intangible assets	0					0	0	-48		
Net expected credit losses	-21	-39	-45	-86	-75	-70	-827	-92		
<b>Operating profit before items affecting comparability</b>	<b>2 163</b>	<b>2 388</b>	<b>-9</b>	<b>2 442</b>	<b>-11</b>	<b>9 518</b>	<b>9 182</b>	<b>4</b>		
Items affecting comparability										
<b>Operating profit</b>	<b>2 163</b>	<b>2 388</b>	<b>-9</b>	<b>2 442</b>	<b>-11</b>	<b>9 518</b>	<b>9 182</b>	<b>4</b>		
Cost/Income ratio	0.51	0.44		0.45		0.46	0.43			
Business equity, SEK bn	48.4	47.6		46.8		47.1	46.6			
Return on business equity, %	13.8	15.5		16.0		15.6	15.1			
Number of full time equivalents <sup>1)</sup>	3 413	3 437		3 600		3 495	3 587			

<sup>1)</sup>Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

- Increased corporate lending volumes
- Continued growth in mortgage lending and assets under management
- Operating profit amounted to SEK 2,163m and return on business equity was 13.8 per cent

### Comments on the fourth quarter

Customer satisfaction in advisory services, as measured by Net Promoter Score (NPS), remained at high levels among both corporate and private customers. Satisfaction increased for corporate customers and decreased slightly for private customers in the quarter.

In the *corporate customer segment*, the net inflow of full-service customers continued. During the quarter lending volumes grew in all portfolios, driven by larger customers. Overall, corporate lending increased by SEK 11bn to SEK 288bn (276). Corporate deposits continued to grow at a stable pace while net inflow in mutual funds improved.

Among *private customers*, the mortgage business developed well, resulting in growth in line with overall market but at a slower pace than prior quarters. Mortgage volumes grew by SEK 9bn and amounted to SEK 580bn (571). Customers' investments in mutual funds continued to increase, driven by the development of the stock market and net inflows. Within Private Banking, customers were active and assets under management again reached all time high levels. Deposit volumes increased and while deposit growth was

below last quarter's elevated outcome, the pace was in line with seasonal expectations.

In total, lending volumes increased by SEK 24bn to SEK 932bn. Deposit volumes grew by SEK 10bn and amounted to SEK 605bn.

The operating profit amounted to SEK 2,163m. Net interest income decreased by 1 per cent explained by a decline in internal funds transfer pricing for deposits. This was to some extent offset by increasing lending volumes. Net fee and commission income increased by 4 per cent due to higher turnover in the card business related to seasonal effects and high brokerage activity among customers. In the private segment, card turnover was back at pre-Covid-19 levels. Total operating expenses amounted to SEK 2,257m, an increase by 16 per cent compared with last quarter. The increase in the fourth quarter is related to goodwill impairment of SEK 179m in the card business and a seasonal effect. Net expected credit losses amounted to SEK 21m, with a net expected credit loss level of 1 basis point in the fourth quarter. See page 9.

## Baltic

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

### Income statement

SEK m	Q4		Q3	Q4		Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%
Net interest income	761	757	0	708	7	2 982	3 113	- 4
Net fee and commission income	462	439	5	401	15	1 695	1 584	7
Net financial income	99	78	28	130	-24	345	325	6
Net other income	0	4	-100	-2		8	-2	
<b>Total operating income</b>	<b>1 321</b>	<b>1 278</b>	<b>3</b>	<b>1 237</b>	<b>7</b>	<b>5 030</b>	<b>5 019</b>	<b>0</b>
Staff costs	- 252	- 216	17	- 223	13	- 882	- 880	0
Other expenses	- 295	- 275	7	- 267	10	- 1 105	- 1 105	0
Depreciation, amortisation and impairment of tangible and intangible assets	- 6	- 8	- 24	- 8	- 24	- 30	- 32	- 8
<b>Total operating expenses</b>	<b>- 553</b>	<b>- 499</b>	<b>11</b>	<b>- 498</b>	<b>11</b>	<b>- 2 017</b>	<b>- 2 017</b>	<b>0</b>
<b>Profit before credit losses</b>	<b>769</b>	<b>778</b>	<b>- 1</b>	<b>739</b>	<b>4</b>	<b>3 013</b>	<b>3 002</b>	<b>0</b>
Gains less losses from tangible and intangible assets	1	2	- 20	0		4	2	165
Net expected credit losses	8	123	- 94	- 97		216	- 425	
<b>Operating profit before items affecting comparability</b>	<b>778</b>	<b>903</b>	<b>- 14</b>	<b>641</b>	<b>21</b>	<b>3 233</b>	<b>2 579</b>	<b>25</b>
Items affecting comparability								
<b>Operating profit</b>	<b>778</b>	<b>903</b>	<b>- 14</b>	<b>641</b>	<b>21</b>	<b>3 233</b>	<b>2 579</b>	<b>25</b>
Cost/Income ratio	0.42	0.39		0.40		0.40	0.40	
Business equity, SEK bn	12.3	12.4		13.0		12.3	13.1	
Return on business equity, %	21.6	24.7		16.8		22.3	16.8	
Number of full time equivalents <sup>1)</sup>	2 190	2 174		2 219		2 196	2 285	

<sup>1)</sup> Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

- Positive business sentiment underpinned corporate lending growth and customer activity
- Private mortgage lending growth at pre-Covid-19 levels
- Operating profit amounted to SEK 778m and return on business equity was 21.6 per cent

### Comments on the fourth quarter

The strong recovery seen in the Baltic states earlier in the year gradually abated as the number of new Covid-19 cases grew rapidly. Latvia in particular was forced to reintroduce tough lockdown measures, although the economic losses stemming from them were significantly smaller compared with previous lockdowns.

With declining unemployment and labor force shortages, recruiting difficulties persisted at high levels and high wage growth remained. The trend in steeply rising housing prices continued, supported by increasing household savings, wage growth and the continued low interest rate environment. While household mortgage lending in the quarter increased, the somewhat subdued consumer confidence dampened the usage of cards, especially in Latvia.

The overall positive business sentiment supported investment growth and corporate lending demand especially in Estonia and Lithuania. Lending to corporate customers increased for the second consecutive quarter, despite competitive pressure, while customer-driven foreign exchange activity grew for a third successive quarter.

Lending volumes to both private and corporate customers increased in local currency, by 1 per cent, during the quarter and amounted to SEK 157bn (153). Deposits from both private and corporate customers continued to grow increasing by 3 per cent in local currency to SEK 200bn (192).

Operating profit amounted to SEK 778m. Net interest income increased by 1 per cent in local currency, mainly due to lower costs of funding and increased lending volumes, offset by higher deposit guarantee fees. Net fee and commission income increased by 6 per cent in local currency, partly due to performance fees. Net financial income increased by 29 per cent in local currency due mainly to higher market values of government bonds in the liquidity portfolios and to higher customer foreign exchange activity. Operating expenses increased by 12 per cent in local currency mainly due to an adjustment to prior years' long-term incentive programmes and one-time project costs. Net expected credit losses were positive at SEK 8m as a larger recovery exceeded new provisions. See page 9.

## Life

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

### Income statement

SEK m	Q4			Q3			Q4			Jan–Dec		
	2021	2021	%	2020	%	2021	2020	%	2021	2020	%	
Net interest income	-7	-7	2	-8	-12	-27	-31	-16				
Net fee and commission income	778	725	7	639	22	2 853	2 454	16				
Net financial income	293	251	17	296	-1	1 044	660	58				
Net other income	15	1		3		48	5					
<b>Total operating income</b>	<b>1 080</b>	<b>970</b>	<b>11</b>	<b>930</b>	<b>16</b>	<b>3 918</b>	<b>3 088</b>	<b>27</b>				
Staff costs	-220	-214	3	-225	-2	-874	-867	1				
Other expenses	-179	-170	5	-181	-1	-679	-733	-7				
Depreciation, amortisation and impairment of tangible and intangible assets	-5	-5	-1	-5	-4	-20	-21	-3				
<b>Total operating expenses</b>	<b>-403</b>	<b>-389</b>	<b>4</b>	<b>-411</b>	<b>-2</b>	<b>-1 573</b>	<b>-1 621</b>	<b>-3</b>				
<b>Profit before credit losses</b>	<b>677</b>	<b>581</b>	<b>16</b>	<b>519</b>	<b>31</b>	<b>2 345</b>	<b>1 467</b>	<b>60</b>				
Gains less losses from tangible and intangible assets						0						
Net expected credit losses	0	0		0		0	1	-78				
<b>Operating profit before items affecting comparability</b>	<b>677</b>	<b>581</b>	<b>16</b>	<b>519</b>	<b>30</b>	<b>2 346</b>	<b>1 468</b>	<b>60</b>				
Items affecting comparability												
<b>Operating profit</b>	<b>677</b>	<b>581</b>	<b>16</b>	<b>519</b>	<b>30</b>	<b>2 346</b>	<b>1 468</b>	<b>60</b>				
Cost/Income ratio	0.37	0.40		0.44		0.40	0.52					
Business equity, SEK bn	5.2	5.2		5.4		5.3	5.3					
Return on business equity, %	48.0	41.3		35.8		41.4	25.5					
Number of full time equivalents <sup>1)</sup>	1 042	1 051		1 056		1 051	1 046					

<sup>1)</sup> Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

- Number 1 position - new sales in Swedish life insurance market<sup>1)</sup>
- Assets under management at all-time high
- Operating profit amounted to SEK 677m and return on business equity was 48.0 per cent

### Comments on the fourth quarter

The strong sales development during the third quarter with record high volumes continued into the fourth quarter. High business and customer activity in combination with the continued positive market development and a low interest rate environment contributed to a high customer interest in savings products. At the same time, customer interest in occupational pensions was continued high. Full-year sales volumes amounted to SEK 63bn, representing an increase of 47 per cent compared with the previous year. The solid and strong sales result throughout the year led to SEB's market share of new sales of Swedish life insurance reaching the number 1 position<sup>1)</sup>, with 14.3 per cent.

Also, in the Baltic countries SEB maintained a strong position.

Life insurance assets under management amounted to SEK 505bn, an increase of 8 per cent compared with the third quarter and 25 per cent compared with previous year. The positive market development contributed to a large extent to

the growth, in combination with a strong inflow. The unit-linked business, amounting to SEK 424bn constituted the larger part of the increase in asset value, complemented by solid development in both the traditional portfolios and other savings products in the period. In Estonia, the fund outflow caused by a recent pension reform decreased and stabilised in the last quarter.

Operating profit increased by 16 per cent and amounted to SEK 677m in the fourth quarter. Net fee and commission income increased by 7 percent compared with the third quarter, mostly due to a positive market development. Stable returns in the traditional life insurance portfolios as well as a continued strong risk insurance result increased net financial income by 17 per cent compared with the previous quarter, amounting to SEK 293m. Total returns in the Swedish traditional portfolios amounted to 12 per cent for the year. Operating expenses increased 4 per cent compared with the previous quarter.

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

## Investment Management & group functions

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

### Income statement

SEK m	Q4			Q3			Q4			Jan–Dec		
	2021	2021	%	2020	%	2021	2020	%	2021	2020	%	
Net interest income	454	483	-6	-242		780	-1 165					
Net fee and commission income	989	744	33	749	32	3 367	2 657	27				
Net financial income	-295	601	-149	129		1 348	684	97				
Net other income	-11	-2		-29	-62	62	120	-48				
<b>Total operating income</b>	<b>1 137</b>	<b>1 826</b>	<b>-38</b>	<b>608</b>	<b>87</b>	<b>5 556</b>	<b>2 295</b>	<b>142</b>				
Staff costs	-1 383	-1 516	-9	-1 488	-7	-5 944	-5 562	7				
Other expenses	1 514	1 413	7	1 458	4	5 697	5 185	10				
Depreciation, amortisation and impairment of tangible and intangible assets	-454	-422	7	-413	10	-1 723	-1 717	0				
<b>Total operating expenses</b>	<b>-323</b>	<b>-525</b>	<b>-39</b>	<b>-444</b>	<b>-27</b>	<b>-1 970</b>	<b>-2 094</b>	<b>-6</b>				
<b>Profit before credit losses</b>	<b>815</b>	<b>1 301</b>	<b>-37</b>	<b>164</b>		<b>3 587</b>	<b>202</b>					
Gains less losses from tangible and intangible assets	1	-1		-6		0	-9					
Net expected credit losses	2	6	-71	-19		7	-4					
<b>Operating profit before items affecting comparability</b>	<b>817</b>	<b>1 305</b>	<b>-37</b>	<b>139</b>		<b>3 594</b>	<b>189</b>					
Items affecting comparability							-1 000					
<b>Operating profit</b>	<b>817</b>	<b>1 305</b>	<b>-37</b>	<b>139</b>		<b>3 594</b>	<b>-811</b>					
Number of full time equivalents <sup>1)</sup>	6 841	6 700		6 517		6 659	6 337					
SEB labelled mutual funds, SEK bn	831	776		672		831	672					

<sup>1)</sup> Quarterly numbers are for end of quarter. Accumulated numbers are average for the period.

- SEB-labelled mutual funds' asset values increased to SEK 831bn and net sales amounted to SEK -1.4bn
- Operating profit amounted to SEK 817m

### Comments on the fourth quarter

Investment Management and group functions are reported combined but are distinctly different. The combined operating profit of SEK 817m (1,305) is best commented on one by one.

*Investment Management:* A gradually improving market development that ended the year with a peak increased the assets under management by SEK 55bn in the quarter. Net sales for the quarter was negative and amounted to SEK -1.4bn with outflows mainly in fixed income products. Total assets under management amounted to SEK 831bn (776).

SEB-labelled mutual funds classified in line with Article 8 and 9<sup>1</sup> in the Sustainable Finance Disclosure Regulation (SFDR) amounted to SEK 678bn (645) which represented 82 per cent of assets under management. Of the total, SEK 660bn was classified as Article 8 and SEK 18bn as Article 9.

Operating income amounted to SEK 924m (662) mainly driven by higher performance fees which amounted to SEK 282m (40). The increase relates to seasonal items amounting to SEK 223m. Base commissions amounted to

SEK 628m (622) with an underlying increase of 2 per cent driven by higher average assets under management. Operating expenses were almost flat compared with the previous quarter and amounted to SEK 226m (227). Operating profit amounted to SEK 698m (435).

*Treasury:* Net interest income increased during the fourth quarter compared with the third quarter mainly because lower compensation was paid to the divisions. Net financial income developed negatively within liquidity management quarter over quarter, partly offset by mark-to-market valuation effects.

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

*Other:* The change in market value of certain strategic holdings amounted to SEK -308m, a decrease of SEK 844m quarter-on-quarter.

<sup>1</sup> 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](https://esma.europa.eu).



## Financial statements – SEB Group

### Income statement, condensed

SEK m	Note	Q4			Q3		Q4		Jan-Dec		
		2021	2021	%	2020	%	2021	2020	%		
Net interest income	2	6 716	6 639	1	6 559	2	26 321	25 143	5		
Net fee and commission income	3	5 885	5 202	13	4 774	23	21 142	18 063	17		
Net financial income	4	1 263	1 837	-31	1 784	-29	6 992	6 275	11		
Net other income		6	37	-83	-51		159	236	-33		
<b>Total operating income</b>		<b>13 870</b>	<b>13 716</b>	<b>1</b>	<b>13 066</b>	<b>6</b>	<b>54 614</b>	<b>49 717</b>	<b>10</b>		
Staff costs	5.6	-3 795	-3 862	-2	-3 909	-3	-15 372	-14 976	3		
Other expenses		-1 616	-1 336	21	-1 473	10	-5 763	-5 864	-2		
Depreciation, amortisation and impairment of tangible and intangible assets		-687	-473	45	-460	49	-2 110	-1 906	11		
<b>Total operating expenses</b>		<b>-6 097</b>	<b>-5 671</b>	<b>8</b>	<b>-5 842</b>	<b>4</b>	<b>-23 245</b>	<b>-22 747</b>	<b>2</b>		
<b>Profit before credit losses</b>		<b>7 773</b>	<b>8 045</b>	<b>-3</b>	<b>7 224</b>	<b>8</b>	<b>31 368</b>	<b>26 970</b>	<b>16</b>		
Gains less losses from tangible and intangible assets		2	1		-6		5	-7			
Net expected credit losses	7	-299	-49		-835	-64	-510	-6 118	-92		
<b>Operating profit before items affecting comparability</b>		<b>7 476</b>	<b>7 997</b>	<b>-7</b>	<b>6 382</b>	<b>17</b>	<b>30 864</b>	<b>20 846</b>	<b>48</b>		
Items affecting comparability	8						-1 000	-100			
<b>Operating profit</b>		<b>7 476</b>	<b>7 997</b>	<b>-7</b>	<b>6 382</b>	<b>17</b>	<b>30 864</b>	<b>19 846</b>	<b>56</b>		
Income tax expense		-1 278	-1 363	-6	-1 259	2	-5 441	-4 100	33		
<b>NET PROFIT</b>		<b>6 198</b>	<b>6 634</b>	<b>-7</b>	<b>5 123</b>	<b>21</b>	<b>25 423</b>	<b>15 746</b>	<b>61</b>		
Attributable to shareholders of Skandinaviska Enskilda Banken AB		6 198	6 634	-7	5 123	21	25 423	15 746	61		
Basic earnings per share, SEK		2.87	3.06		2.37		11.75	7.28			
Diluted earnings per share, SEK		2.85	3.04		2.35		11.67	7.23			

### Statement of comprehensive income

SEK m	Q4			Q3		Q4		Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%		
<b>NET PROFIT</b>	<b>6 198</b>	<b>6 634</b>	<b>-7</b>	<b>5 123</b>	<b>21</b>	<b>25 423</b>	<b>15 746</b>	<b>61</b>		
Cash flow hedges	4	0		10	-59	29	-62			
Translation of foreign operations	328	81		-758		680	-1 070			
<b>Items that may subsequently be reclassified to the income statement:</b>	<b>332</b>	<b>81</b>		<b>-748</b>		<b>708</b>	<b>-1 132</b>			
Own credit risk adjustment (OCA) <sup>1)</sup>	5	6	-21	-12		14	-70			
Defined benefit plans	6	4 889	1 150	1 741	181	14 061	1 839			
<b>Items that will not be reclassified to the income statement:</b>	<b>4 895</b>	<b>1 156</b>		<b>1 729</b>	<b>183</b>	<b>14 075</b>	<b>1 769</b>			
<b>OTHER COMPREHENSIVE INCOME</b>	<b>5 227</b>	<b>1 238</b>		<b>981</b>		<b>14 783</b>	<b>637</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>11 425</b>	<b>7 872</b>	<b>45</b>	<b>6 104</b>	<b>87</b>	<b>40 206</b>	<b>16 383</b>	<b>145</b>		
Attributable to shareholders of Skandinaviska Enskilda Banken AB	11 425	7 872	45	6 104	87	40 206	16 383	145		

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

## Balance sheet, condensed

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Cash and cash balances at central banks	439 344	587 750	323 776
Loans to central banks	4 454	858	3 633
Loans to credit institutions <sup>2)</sup>	60 009	91 809	50 791
Loans to the public	1 846 362	1 818 994	1 770 161
Debt securities	205 950	349 925	265 433
Equity instruments	120 742	135 550	82 240
Financial assets for which the customers bear the investment risk	422 497	386 994	330 950
Derivatives	126 051	132 919	164 909
Other assets	78 822	79 929	48 539
<b>TOTAL ASSETS</b>	<b>3 304 230</b>	<b>3 584 726</b>	<b>3 040 432</b>
Deposits from central banks and credit institutions	75 206	172 087	111 309
Deposits and borrowings from the public <sup>1)</sup>	1 597 449	1 746 593	1 371 227
Financial liabilities for which the customers bear the investment risk	424 226	388 673	332 392
Liabilities to policyholders	34 623	33 364	29 624
Debt securities issued	730 106	779 562	749 502
Short positions	34 569	52 004	30 409
Derivatives	118 173	118 835	161 561
Other financial liabilities	5 721	4 787	744
Other liabilities	90 929	97 242	81 720
<b>Total liabilities</b>	<b>3 111 002</b>	<b>3 393 147</b>	<b>2 868 489</b>
<b>Equity</b>	<b>193 228</b>	<b>191 579</b>	<b>171 943</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3 304 230</b>	<b>3 584 726</b>	<b>3 040 432</b>
1) Deposits covered by deposit guarantees	387 382	377 934	347 510

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

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

## Statement of changes in equity

SEK m	Other reserves <sup>1)</sup>						Equity
	Share capital	OCA <sup>2)</sup>	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Retained earnings	
<b>Jan-Dec 2021</b>							
Opening balance	21 942	-236	-47	-1 241	5 737	145 788	171 943
Net profit						25 423	25 423
Other comprehensive income (net of tax)		14	29	680	14 061		14 783
<b>Total comprehensive income</b>		<b>14</b>	<b>29</b>	<b>680</b>	<b>14 061</b>	<b>25 423</b>	<b>40 206</b>
Dividend to shareholders						-17 740	-17 740
Equity-based programmes <sup>4)</sup>						195	195
Change in holdings of own shares <sup>4)</sup>						-1 376	-1 376
<b>Closing balance</b>	<b>21 942</b>	<b>-223</b>	<b>-18</b>	<b>-561</b>	<b>19 798</b>	<b>152 290</b>	<b>193 228</b>
<b>Jan-Dec 2020</b>							
Opening balance <sup>3)</sup>	21 942	-166	15	-170	3 898	130 182	155 700
Net profit						15 746	15 746
Other comprehensive income (net of tax)		-70	-62	-1 070	1 839		637
<b>Total comprehensive income</b>		<b>-70</b>	<b>-62</b>	<b>-1 070</b>	<b>1 839</b>	<b>15 746</b>	<b>16 383</b>
Equity-based programmes <sup>4)</sup>						-142	-142
Change in holdings of own shares <sup>4)</sup>						2	2
<b>Closing balance<sup>3)</sup></b>	<b>21 942</b>	<b>-236</b>	<b>-47</b>	<b>-1 241</b>	<b>5 737</b>	<b>145 788</b>	<b>171 943</b>

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

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

3) Opening balance 2020 restated following adjustment of OCA.

4) Number of shares owned by SEB:

	Jan-Dec 2021	Jan-Dec 2020
<b>Number of shares owned by SEB, million</b>		
Opening balance	32.2	31.5
Repurchased shares for equity-based programmes	2.9	10.9
Sold/distributed shares	-7.5	-10.2
Repurchased shares for capital purposes	10.2	
<b>Closing balance</b>	<b>37.8</b>	<b>32.2</b>
Market value of shares owned by SEB, SEK m	4 754	2 722

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. The acquisition cost for the purchase of own shares is deducted from shareholders' equity.

## Cash flow statement, condensed

SEK m	Jan-Dec		
	2021	2020	%
Cash flow from the profit and loss statement	- 199	34 664	
Increase (-)/decrease (+) in trading portfolios	35 465	- 18 792	
Increase (+)/decrease (-) in issued short term securities	- 17 662	- 109 525	- 84
Increase (-)/decrease (+) in lending	- 91 432	50 008	
Increase (+)/decrease (-) in deposits and borrowings	190 114	233 240	- 18
Increase/decrease in other balance sheet items	14 005	721	
Cash flow from operating activities	130 291	190 316	- 32
Cash flow from investing activities	- 846	56	
Cash flow from financing activities	- 22 227	- 10 257	117
<b>Net increase in cash and cash equivalents</b>	<b>107 218</b>	<b>180 116</b>	<b>- 40</b>
Cash and cash equivalents at the beginning of year	331 247	159 335	108
Exchange rate differences on cash and cash equivalents	7 251	- 8 203	
Net increase in cash and cash equivalents	107 218	180 116	- 40
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>445 716</b>	<b>331 247</b>	<b>35</b>

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

## Notes to the financial statements - SEB Group

### Note 1 Accounting policies

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

As of 1 January 2021, the group adopted Interest Rate Benchmark Reform (IBOR) – Phase 2. The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting as a result of the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. In accordance with the amendments, changes made to a financial instrument that relate directly to the interest rate benchmark reform and that are economically equivalent, do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark without adjusting the carrying amount. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

In all other material aspects, the group's and the parent company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2020 Annual and Sustainability Report.

### Note 2 Net interest income

SEK m	Q4		Q3		Q4		Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%	
Interest income <sup>1)</sup>	8 274	8 391	-1	8 777	-6	33 225	37 578	-12	
Interest expense	-1 558	-1 752	-11	-2 218	-30	-6 904	-12 435	-44	
<b>Net interest income</b>	<b>6 716</b>	<b>6 639</b>	<b>1</b>	<b>6 559</b>	<b>2</b>	<b>26 321</b>	<b>25 143</b>	<b>5</b>	
1) Of which interest income calculated using the effective interest method	7 023	7 032	0	7 155	-2	27 752	30 966	-10	

### Note 3 Net fee and commission income

SEK m	Q4			Q3			Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%	
Issue of securities and advisory services	556	464	20	356	56	1 954	1 111	76	
Secondary market and derivatives	548	432	27	480	14	2 014	2 012	0	
Custody and mutual funds <sup>1)</sup>	2 822	2 441	16	2 136	32	10 004	8 177	22	
<i>Whereof performance fees</i>	301	40		98		675	304	122	
Payments, cards, lending, deposits, guarantees and other <sup>1)</sup>	2 922	2 667	10	2 495	17	10 485	10 054	4	
<i>Whereof payments and card fees</i>	1 492	1 406	6	1 244	20	5 384	5 139	5	
<i>Whereof lending</i>	984	776	27	776	27	3 200	3 004	7	
Life insurance commissions	431	416	4	409	5	1 672	1 578	6	
<b>Fee and commission income</b>	<b>7 279</b>	<b>6 421</b>	<b>13</b>	<b>5 876</b>	<b>24</b>	<b>26 129</b>	<b>22 933</b>	<b>14</b>	
<b>Fee and commission expense</b>	<b>-1 394</b>	<b>-1 218</b>	<b>14</b>	<b>-1 102</b>	<b>27</b>	<b>-4 987</b>	<b>-4 870</b>	<b>2</b>	
<b>Net fee and commission income</b>	<b>5 885</b>	<b>5 202</b>	<b>13</b>	<b>4 774</b>	<b>23</b>	<b>21 142</b>	<b>18 063</b>	<b>17</b>	
<i>Whereof Net securities commissions<sup>1)</sup></i>	3 148	2 675	18	2 395	31	11 079	8 712	27	
<i>Whereof Net payment and card fees</i>	985	913	8	846	16	3 512	3 273	7	
<i>Whereof Net life insurance commissions</i>	327	299	9	282	16	1 207	1 084	11	
<i>Whereof Other commissions<sup>1)</sup></i>	1 424	1 315	8	1 251	14	5 344	4 994	7	

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



## Fee and commission income by segment

SEK m	Large Corporates & Financial Institutions	Corporate & Private Customers	Baltic	Life	Investment Management & group functions	Eliminations	SEB Group
<b>Q4 2021</b>							
Issue of securities and advisory	546	10	0		0		556
Secondary market and derivatives	449	93	11	0	-1	-4	548
Custody and mutual funds	1 205	560	61	79	2 129	-1 212	2 822
Payments, cards, lending, deposits, guarantees and other	1 371	1 172	545	56	76	-297	2 922
Life insurance commissions				914		-483	431
<b>Fee and commission income</b>	<b>3 571</b>	<b>1 834</b>	<b>617</b>	<b>1 049</b>	<b>2 205</b>	<b>-1 996</b>	<b>7 279</b>
<b>Q3 2021</b>							
Issue of securities and advisory	444	19	0	0	0		464
Secondary market and derivatives	370	81	10	0	-24	-5	432
Custody and mutual funds <sup>1)</sup>	1 077	553	54	55	1 881	-1 178	2 441
Payments, cards, lending, deposits, guarantees and other <sup>1)</sup>	1 199	1 094	545	53	75	-299	2 667
Life insurance commissions				897		-481	416
<b>Fee and commission income</b>	<b>3 090</b>	<b>1 747</b>	<b>609</b>	<b>1 005</b>	<b>1 932</b>	<b>-1 963</b>	<b>6 421</b>
<b>Jan-Dec 2021</b>							
Issue of securities and advisory	1 907	47	0		0		1 954
Secondary market and derivatives	1 647	373	43		-32	-17	2 014
Custody and mutual funds	4 326	2 107	216	238	7 615	-4 500	10 004
Payments, cards, lending, deposits, guarantees and other	4 871	4 220	2 062	210	315	-1 194	10 485
Life insurance commissions				3 505		-1 833	1 672
<b>Fee and commission income</b>	<b>12 751</b>	<b>6 748</b>	<b>2 321</b>	<b>3 954</b>	<b>7 898</b>	<b>-7 543</b>	<b>26 129</b>
<b>Jan-Dec 2020</b>							
Issue of securities and advisory	1 072	39	0	0	0		1 111
Secondary market and derivatives	1 602	385	36	1	-11	0	2 012
Custody and mutual funds <sup>1)</sup>	3 482	1 771	184	210	6 177	-3 647	8 177
Payments, cards, lending, deposits, guarantees and other <sup>1)</sup>	4 743	3 918	2 026	197	364	-1 193	10 054
Life insurance commissions				3 110		-1 532	1 578
<b>Fee and commission income</b>	<b>10 899</b>	<b>6 113</b>	<b>2 246</b>	<b>3 517</b>	<b>6 530</b>	<b>-6 372</b>	<b>22 933</b>

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

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

## Note 4 Net financial income

SEK m	Q4		Q3		Q4		Jan-Dec	
	2021	2021	%	2020	%	2021	2020	%
Equity instruments and related derivatives	- 61	819		779		2 387	1 197	99
Debt instruments and related derivatives	- 109	- 227	-52	- 216	-49	- 685	244	
Currency and related derivatives	881	910	-3	698	26	3 488	3 864	-10
Other	552	334	65	523	6	1 802	970	86
<b>Net financial income</b>	<b>1 263</b>	<b>1 837</b>	<b>-31</b>	<b>1 784</b>	<b>-29</b>	<b>6 992</b>	<b>6 275</b>	<b>11</b>

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

- 35	71		302		300	- 211
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The result within Net financial income is presented on different line items based on type of underlying financial instrument.

For the fourth quarter the effect from structured bonds offered to the public was approximately SEK100m (Q3 2021: 130) in Equity related derivatives and a corresponding effect in Debt related derivatives SEK 65m (Q3 2021: 35).

## Note 5 Staff costs

SEK m	Jan-Dec		
	2021	2020	%
Salaries <sup>1)</sup>	-11 378	-11 166	2
Short-term incentive <sup>1)</sup>	- 919	- 841	9
Long-term incentive <sup>1)</sup>	-1 091	- 706	55
Pension costs	-1 489	-1 522	-2
Redundancy costs <sup>1)</sup>	- 32	- 228	-86
Other staff costs	- 463	- 514	-10
<b>Staff costs</b>	<b>-15 372</b>	<b>-14 976</b>	<b>3</b>

1) Including social charges.

SEK m	Jan-Dec		
	2021	2020	%
Short-term incentive (STI) to staff	- 736	- 681	8
Social benefit charges on STI	- 183	- 160	14
<b>Short-term incentive remuneration</b>	<b>- 919</b>	<b>- 841</b>	<b>9</b>

SEK m	Jan-Dec		
	2021	2020	%
Long-term incentive (LTI) to staff	- 687	- 581	18
Social benefit charges on LTI	- 404	- 124	
<b>Long-term incentive remuneration</b>	<b>-1 091</b>	<b>- 706</b>	<b>55</b>

## Note 6 Defined benefit pension plans

Balance sheet, SEK m	Jan-Dec		
	2021	2020	%
Defined benefit obligations	28 470	32 156	-11
Fair value of plan assets	51 830	39 029	33
<b>Net amount recognised in the balance sheet</b>	<b>23 359</b>	<b>6 873</b>	

Income statement, SEK m	Jan-Dec		
	2021	2020	%
Service costs	-581	-590	-2
Interest costs	-286	-341	-16
Calculated interest on plan assets	343	396	-13
<b>Included in staff costs</b>	<b>-523</b>	<b>-536</b>	<b>-2</b>

Other comprehensive income, SEK m	Jan-Dec		
	2021	2020	%
Remeasurements of pension obligations	3 745	-188	
Valuation gains (losses) on plan assets	13 964	2 487	
Deferred tax pensions	-3 648	-460	
<b>Defined benefit pension plans</b>	<b>14 061</b>	<b>1 839</b>	

## Note 7 Net expected credit losses

SEK m	Q4		Q3		Q4		Jan-Dec		
	2021	2021	%	2020	%	2021	2020	%	
Impairment gains or losses - Stage 1	-190	6		94		-105	-452	-77	
Impairment gains or losses - Stage 2	-24	17		-159	-85	-233	-293	-21	
Impairment gains or losses - Stage 3	-62	-108	-43	-715	-91	-185	-5 166	-96	
<b>Impairment gains or losses</b>	<b>-275</b>	<b>-85</b>		<b>-779</b>	<b>-65</b>	<b>-523</b>	<b>-5 911</b>	<b>-91</b>	
<b>Write-offs and recoveries</b>									
Total write-offs	-1 137	-666	71	-1 126	1	-2 624	-2 757	-5	
Reversals of allowance for write-offs	1 062	622	71	1 022	4	2 395	2 364	1	
Write-offs not previously provided for	-75	-44	69	-105	-29	-229	-393	-42	
Recovered from previous write-offs	52	81	-36	49	6	242	187	30	
<b>Net write-offs</b>	<b>-23</b>	<b>37</b>		<b>-56</b>	<b>-58</b>	<b>13</b>	<b>-206</b>		
<b>Net expected credit losses</b>	<b>-299</b>	<b>-49</b>		<b>-835</b>	<b>-64</b>	<b>-510</b>	<b>-6 118</b>	<b>-92</b>	
Net ECL level, %	0.05	0.01		0.14		0.02	0.26		

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 12-14.

## Note 8 Items affecting comparability

SEK m	Q4		Q3		Q4		Jan-Dec	
	2021	2021	%	2020	%	2021	2020	%
Other expenses							-1 000	-100
<b>Total operating expenses</b>							<b>-1 000</b>	<b>-100</b>
<b>Items affecting comparability</b>							<b>-1 000</b>	<b>-100</b>
Income tax on IAC								
<b>Items affecting comparability after tax</b>							<b>-1 000</b>	<b>-100</b>

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

### Items affecting comparability 2020

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

## Note 9 Pledged assets and obligations

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Pledged assets for own liabilities <sup>1)</sup>	541 308	583 867	493 629
Pledged assets for liabilities to insurance policyholders	458 849	422 036	362 016
Other pledged assets <sup>2)</sup>	66 226	71 827	108 336
<b>Pledged assets</b>	<b>1 066 382</b>	<b>1 077 730</b>	<b>963 981</b>
Contingent liabilities <sup>3)</sup>	160 294	146 485	137 341
Commitments	813 936	743 979	724 933
<b>Obligations</b>	<b>974 231</b>	<b>890 464</b>	<b>862 274</b>

1) Of which collateralised for own issued covered bonds SEK 293,858m (338,637; 333,494).

2) Of which securities lending SEK 897m (1,871; 2,083) and pledged but unencumbered bonds SEK 33,424m (36,076; 80,735).

3) Of which financial guarantees SEK 10,281m (10,077; 8,573).

## Note 10 Financial assets and liabilities

SEK m	31 Dec 2021		30 Sep 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans <sup>1)</sup>	2 348 011	2 346 280	2 497 439	2 503 790	2 146 206	2 157 725
Debt securities	205 950	205 919	349 925	349 803	265 433	265 254
Equity instruments	120 742	120 742	135 550	135 550	82 240	82 240
Financial assets for which the customers bear the investment risk	422 497	422 497	386 994	386 994	330 950	330 950
Derivatives	126 051	126 051	132 919	132 919	164 909	164 909
Other	16 282	16 282	29 494	29 494	13 975	13 975
<b>Financial assets</b>	<b>3 239 534</b>	<b>3 237 772</b>	<b>3 532 320</b>	<b>3 538 549</b>	<b>3 003 712</b>	<b>3 015 052</b>
Deposits	1 672 655	1 673 103	1 918 680	1 919 203	1 482 536	1 483 301
Financial liabilities for which the customers bear the investment risk	424 226	424 226	388 673	388 673	332 392	332 392
Debt securities issued <sup>2)</sup>	758 655	765 856	802 953	810 533	781 789	794 477
Short positions	34 569	34 569	52 004	52 004	30 409	30 409
Derivatives	118 173	118 173	118 835	118 835	161 561	161 561
Other	20 961	20 962	45 795	45 797	19 828	19 875
<b>Financial liabilities</b>	<b>3 029 240</b>	<b>3 036 890</b>	<b>3 326 939</b>	<b>3 335 044</b>	<b>2 808 515</b>	<b>2 822 015</b>

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

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

SEB has classified its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 37 in the Annual and Sustainability Report 2020.

## Note 11 Assets and liabilities measured at fair value

SEK m	31 Dec 2021				31 Dec 2020			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total
<b>Assets</b>								
Loans		85 032	70	<b>85 102</b>		120 124		<b>120 124</b>
Debt securities	95 783	101 575	49	<b>197 407</b>	100 088	153 154		<b>253 242</b>
Equity instruments	100 548	558	19 635	<b>120 742</b>	65 762	3 117	13 360	<b>82 240</b>
Financial assets for which the customer bear the investment risk	404 178	10 545	7 774	<b>422 497</b>	324 650	5 835	465	<b>330 950</b>
Derivatives	1 115	124 632	305	<b>126 051</b>	1 003	163 481	425	<b>164 909</b>
Investment in associates <sup>1)</sup>	80		622	<b>702</b>	60		526	<b>586</b>
<b>Total</b>	<b>601 704</b>	<b>322 341</b>	<b>28 456</b>	<b>952 501</b>	<b>491 563</b>	<b>445 711</b>	<b>14 776</b>	<b>952 051</b>
<b>Liabilities</b>								
Deposits		10 169		<b>10 169</b>		12 238		<b>12 238</b>
Financial liabilities for which the customer bear the investment risk	405 907	10 545	7 774	<b>424 226</b>	326 166	5 773	453	<b>332 392</b>
Liabilities to policyholders - insurance	33 634	988		<b>34 623</b>	28 511	1 113		<b>29 624</b>
Debt securities issued		10 453		<b>10 453</b>		13 618		<b>13 618</b>
Short positions	14 887	19 683		<b>34 569</b>	24 173	6 236		<b>30 409</b>
Derivatives	872	116 973	329	<b>118 173</b>	806	160 349	406	<b>161 561</b>
Other financial liabilities at fair value	4	5 717		<b>5 721</b>	123	621		<b>744</b>
<b>Total</b>	<b>455 304</b>	<b>174 527</b>	<b>8 103</b>	<b>637 934</b>	<b>379 779</b>	<b>199 949</b>	<b>859</b>	<b>580 586</b>

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

### Fair value measurement

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

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

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

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

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

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

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

### Level 1: Quoted market prices

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

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

### Level 2: Valuation techniques with observable inputs

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

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



## Note 11, continued. Assets and liabilities measured at fair value

### Level 3: Valuation techniques with significant unobservable inputs

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

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

### Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. At the end of Q4 some improvements in the classification methodology was implemented and lead to a transfer within Equity instruments from Level 1 and Level 2 into Level 3 in the amount of SEK 6.3bn. The largest open market risk within Level 3 financial instruments remains in the traditional life insurance investment portfolios within the insurance business.

Changes in level 3, SEK m	Opening balance	Gain/loss in Income statement <sup>1)</sup>	Gain/loss in Other comprehensive income	Purchases	Sales	Settlements	Transfers into	Transfers out of	Exchange rate	Closing balance
	1 Jan 2021						Level 3	Level 3	differences	31 Dec 2021
<b>Assets</b>										
Loans		-23		92					1	<b>70</b>
Debt securities				10			39			<b>49</b>
Equity instruments	13 360	3 797		3 994	-2 096		498	-19	101	<b>19 635</b>
Financial assets for which the customer bear the investment risk	465	-60		4 215	-28		6 373	-3 267	76	<b>7 774</b>
Derivatives	425	-56		47		-111				<b>305</b>
Investment in associates	526	67		120	-91				0	<b>622</b>
<b>Total</b>	<b>14 776</b>	<b>3 725</b>		<b>8 478</b>	<b>-2 215</b>	<b>-111</b>	<b>6 910</b>	<b>-3 286</b>	<b>179</b>	<b>28 456</b>
<b>Liabilities</b>										
Financial liabilities for which the customer bear the investment risk	453	-58		4 208	-25		6 384	-3 265	77	<b>7 774</b>
Derivatives	406	-13			45	-110			1	<b>329</b>
<b>Total</b>	<b>859</b>	<b>-71</b>		<b>4 208</b>	<b>20</b>	<b>-110</b>	<b>6 384</b>	<b>-3 265</b>	<b>78</b>	<b>8 103</b>

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

### Sensitivity of Level 3 assets and liabilities to unobservable inputs

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

SEK m	31 Dec 2021				31 Dec 2020			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments <sup>1) 4)</sup>	303	-325	-22	36	427	-406	21	55
Debt instruments <sup>3)</sup>	119		119	6				
Equity instruments <sup>2) 5) 6)</sup>	5 951		5 951	1 043	3 285		3 285	626
Insurance holdings - Financial instruments <sup>3) 4) 6) 7)</sup>	14 176		14 176	1 847	10 367		10 367	1 230

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

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

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

4) Shift in implied volatility by 10 per cent.

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

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

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

## Note 12 Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Stage 1 (12-month ECL)</b>			
Debt securities	8 544	9 214	12 191
Loans <sup>1)</sup>	1 772 979	1 732 714	1 641 422
Financial guarantees and Loan commitments	830 403	747 920	740 472
<b>Gross carrying amounts/Nominal amounts Stage 1</b>	<b>2 611 926</b>	<b>2 489 847</b>	<b>2 394 086</b>
Debt securities	-1	0	0
Loans <sup>1)</sup>	-984	-914	-972
Financial guarantees and Loan commitments	-375	-245	-260
<b>ECL allowances Stage 1</b>	<b>-1 358</b>	<b>-1 160</b>	<b>-1 232</b>
Debt securities	8 543	9 213	12 191
Loans <sup>1)</sup>	1 771 996	1 731 799	1 640 449
Financial guarantees and Loan commitments	830 028	747 674	740 213
<b>Carrying amounts/Net amounts Stage 1</b>	<b>2 610 568</b>	<b>2 488 687</b>	<b>2 392 852</b>
<b>Stage 2 (lifetime ECL)</b>			
Loans <sup>1)2)</sup>	62 127	63 553	61 745
Financial guarantees and Loan commitments	15 873	15 816	16 375
<b>Gross carrying amounts/Nominal amounts Stage 2</b>	<b>78 000</b>	<b>79 369</b>	<b>78 120</b>
Loans <sup>1)2)</sup>	-1 456	-1 490	-1 208
Financial guarantees and Loan commitments	-198	-174	-176
<b>ECL allowances Stage 2</b>	<b>-1 654</b>	<b>-1 664</b>	<b>-1 384</b>
Loans <sup>1)2)</sup>	60 671	62 063	60 537
Financial guarantees and Loan commitments	15 675	15 642	16 199
<b>Carrying amounts/Net amounts Stage 2</b>	<b>76 346</b>	<b>77 704</b>	<b>76 736</b>
<b>Stage 3 (credit impaired/lifetime ECL)</b>			
Loans <sup>1)3)</sup>	9 827	11 168	14 890
Financial guarantees and Loan commitments <sup>3)</sup>	170	1 112	700
<b>Gross carrying amounts/Nominal amounts Stage 3</b>	<b>9 997</b>	<b>12 280</b>	<b>15 590</b>
Loans <sup>1)3)</sup>	-5 707	-6 415	-7 331
Financial guarantees and Loan commitments <sup>3)</sup>	-67	-167	-218
<b>ECL allowances Stage 3</b>	<b>-5 774</b>	<b>-6 582</b>	<b>-7 549</b>
Loans <sup>1)3)</sup>	4 119	4 753	7 559
Financial guarantees and Loan commitments <sup>3)</sup>	103	945	482
<b>Carrying amounts/Net amounts Stage 3</b>	<b>4 223</b>	<b>5 698</b>	<b>8 042</b>

The note continues on the next page.

## Note 12, continued. Exposure and expected credit loss (ECL) allowances by stage

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Total</b>			
Debt securities	8 544	9 214	12 191
Loans <sup>1)2)3)</sup>	1 844 932	1 807 434	1 718 057
Financial guarantees and Loan commitments <sup>3)</sup>	846 446	764 847	757 547
<b>Gross carrying amounts/Nominal amounts</b>	<b>2 699 923</b>	<b>2 581 495</b>	<b>2 487 796</b>
Debt securities	-1	0	0
Loans <sup>1)2)3)</sup>	-8 147	-8 819	-9 512
Financial guarantees and Loan commitments <sup>3)</sup>	-640	-586	-653
<b>ECL allowances</b>	<b>-8 786</b>	<b>-9 405</b>	<b>-10 165</b>
Debt securities	8 543	9 213	12 191
Loans <sup>1)2)3)</sup>	1 836 787	1 798 615	1 708 545
Financial guarantees and Loan commitments <sup>3)</sup>	845 806	764 261	756 895
<b>Carrying amounts/Net amounts</b>	<b>2 691 136</b>	<b>2 572 090</b>	<b>2 477 630</b>

1) Including trade and client receivables presented as other assets. Excluding demand deposits credit institutions for periods 30 Sep 2021 and 31 Dec 2020.

2) Whereof gross carrying amounts SEK 1,858m (1,358; 1,327) and ECL allowances SEK 1m (2; 2) under Lifetime ECLs-simplified approach for trade receivables.

3) Whereof gross carrying amounts SEK 1,818m (1,825; 2,274) and ECL allowances SEK 1,296m (1,237; 1,392) for Purchased or Originated Credit Impaired loans.

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

Stage 3 loans / Total loans, gross, %	0.53	0.62	0.87
Stage 3 loans / Total loans, net, %	0.22	0.26	0.44
ECL coverage ratio Stage 1, %	0.05	0.05	0.05
ECL coverage ratio Stage 2, %	2.12	2.10	1.77
ECL coverage ratio Stage 3, %	57.76	53.60	48.42
ECL coverage ratio, %	0.33	0.36	0.41

The note continues on the next page.

## Note 12, continued. Exposure and expected credit loss (ECL) allowances by stage

### Development of exposures and ECL allowances by stage

In the fourth quarter 2021, the gross exposures and ECL allowances in Stage 3 decreased mainly due to write-offs and positive risk migration to Stage 2. Gross exposures in Stage 1 increased due to new lending volumes, while gross exposures in Stage 2 decreased somewhat also due to positive risk migration.

### Measurement of ECL allowances

SEB uses models and expert credit judgement (ECJ) for calculating ECL allowances. The degree of judgement depends on model outcome, materiality and information available and ECJ may be applied to incorporate factors not captured by the models. Following the pandemic outbreak in Q1 2020, ECJ was used to estimate model overlays in the Corporate & Private Customers and Baltic divisions to capture potential negative effects on the asset quality in the SME portfolios arising from the uncertain economic outlook in light of the Covid-19-pandemic and in the Large Corporate & Financial Institutions division to capture the challenges facing the oil industry. The model overlays were determined through top-down scenario analysis, including various scenarios of risk migration of complete portfolios, combined with bottom-up individual customer analysis of larger corporate customers and analysis and stress tests of sectors specifically exposed to the economic distress. The model overlays are reevaluated quarterly in connection with assessment of net ECLs and, in the fourth quarter 2021, they were maintained at SEK 1.4bn, on the back of the continued uncertainty around the pandemic development as a fourth wave of the coronavirus has escalated in many markets resulting in renewed restrictions and a prolongation or reintroduction of various government support measures which may delay any potential negative effects of the pandemic. SEK 1.2bn of the model overlays relate to the Corporate & Private Customers and Baltic divisions and SEK 0.2bn to the Large Corporate & Financial Institutions division.

### Key macroeconomic variable assumptions for calculating ECL allowances

Macroeconomic forecasts made by SEB's economic research department are used as the basis for the forward-looking information incorporated in the ECL measurement. Three scenarios – base, positive and negative - and their probability weightings are reviewed every quarter, or more frequently when appropriate due to rapid or significant changes in the economic environment. In the fourth quarter 2021, the update of the macroeconomic parameters and scenario weights led to a marginal increase of total ECL allowances of SEB's Group.

The three scenarios used are based on different assumptions around how rapidly economies will reopen and recover following the pandemic, as well as effects of inflation and monetary policies. The base scenario assumes a balanced economic recovery with only marginal revisions compared to the previous quarter despite new Covid-19 waves.

The table below sets out the key assumptions of the base scenario, used for estimating ECL allowances as of 31 December 2021. A further description of the scenarios is available in SEB's Nordic Outlook report from November 2021.

Base scenario assumptions	2022	2023	2024
Global GDP growth	4.4%	3.5%	3.2%
OECD GDP growth	3.9%	2.4%	2.0%
Sweden			
GDP growth	3.6%	2.5%	2.0%
Household consumption expenditure growth	3.7%	2.2%	1.8%
Interest rate (STIBOR)	-0.10%	0.15%	0.65%
Residential real estate price growth	5.0%	2.0%	2.0%
Baltic countries			
GDP growth	3.6% - 5.0%	3.0% - 4.2%	3.0%
Household consumption expenditure growth	3.6% - 5.8%	3.3% - 4.7%	3.0% - 4.0%
Inflation rate	2.7% - 5.4%	2.0% - 2.3%	2.0% - 2.1%
Nominal wage growth	7.5% - 8.7%	6.5% - 7.5%	5.0% - 6.0%
Unemployment rate	5.8% - 6.6%	5.2% - 6.2%	5.0% - 6.0%

The positive scenario assumes a combination of pent-up consumption needs and a high level of household savings represents upside potential. A robust increase in consumption may also lead to a positive spiral that drives broad-based capital spending. Ensuring that such a scenario is sustainable requires a highly favourable labour supply trend, but above all that new investments actually lead to clear productivity improvements. The negative scenario reflects the risk of inflation and failures related to central bank exit strategies. If labour market shortages do not ease, wages may surge – showing that current macro forecasts and financial market pricing are based on an overly positive view of the supply side. Central banks could then choose to tighten their policies, triggering major stock market and home price declines. If they did not act, inflation expectations would instead take off, losing touch with inflation targets.

In the calculation of ECL allowances as of 31 December 2021, the probabilities of the three scenarios were 65 per cent (60 as of the third quarter 2021) for the base scenario, 15 per cent (20) for the positive scenario, and 20 per cent (20) for the negative scenario.

Should the positive and negative scenarios be assigned 100 per cent probability, the model calculated ECL allowances would decrease by 3 per cent and increase by 4 per cent respectively compared to the probability-weighted calculation.

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

## Note 13 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
<b>Loans and Debt securities</b>				
<b>ECL allowance as of 31 December 2020</b>	<b>972</b>	<b>1 208</b>	<b>7 331</b>	<b>9 512</b>
New and derecognised financial assets, net	355	-91	-351	-87
Changes due to change in credit risk	-361	299	759	697
Changes due to modifications	2	6	0	8
Changes due to methodology change	-1	1	-56	-55
Decreases in ECL allowances due to write-offs			-2 395	-2 395
Change in exchange rates	15	32	419	466
<b>ECL allowance as of 31 December 2021</b>	<b>984</b>	<b>1 456</b>	<b>5 707</b>	<b>8 147</b>
<b>Financial guarantees and Loan commitments</b>				
<b>ECL allowance as of 31 December 2020</b>	<b>260</b>	<b>176</b>	<b>218</b>	<b>653</b>
New and derecognised financial assets, net	68	-43	-113	-88
Changes due to change in credit risk	41	59	-54	47
Changes due to modifications		1		1
Changes due to methodology change	0	0	-1	0
Change in exchange rates	6	6	16	28
<b>ECL allowance as of 31 December 2021</b>	<b>375</b>	<b>198</b>	<b>67</b>	<b>640</b>
<b>Total Loans, Debt securities, Financial guarantees and Loan commitments</b>				
<b>ECL allowance as of 31 December 2020</b>	<b>1 232</b>	<b>1 384</b>	<b>7 549</b>	<b>10 165</b>
New and derecognised financial assets, net	423	-134	-464	-175
Changes due to change in credit risk	-320	359	706	744
Changes due to modifications	2	7	0	9
Changes due to methodology change	-1	2	-56	-55
Decreases in ECL allowances due to write-offs			-2 395	-2 395
Change in exchange rates	21	37	435	494
<b>ECL allowance as of 31 December 2021</b>	<b>1 358</b>	<b>1 654</b>	<b>5 774</b>	<b>8 786</b>

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

## Note 14 Loans and expected credit loss (ECL) allowances by industry

SEK m	Gross carrying amounts				ECL allowances				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		(12-month ECL)	(lifetime ECL)	(credit impaired/lifetime ECL)		
<b>31 Dec 2021</b>									
<b>Banks</b>	<b>89 669</b>	<b>2 044</b>	<b>5</b>	<b>91 718</b>	<b>-5</b>	<b>-2</b>	<b>-1</b>	<b>-8</b>	<b>91 709</b>
Finance and insurance	128 994	2 191	88	131 273	-61	-26	-6	-93	131 180
Wholesale and retail	78 198	1 762	192	80 152	-91	-43	-81	-214	79 938
Transportation	29 423	1 258	211	30 892	-30	-39	-50	-119	30 773
Shipping	43 719	4 460	1 507	49 686	-22	-42	-965	-1 029	48 657
Business and household services	153 028	7 258	1 556	161 842	-175	-189	-901	-1 264	160 578
Construction	11 286	815	307	12 407	-24	-101	-171	-295	12 112
Manufacturing	93 694	5 245	1 444	100 384	-82	-186	-961	-1 229	99 155
Agriculture, forestry and fishing	27 860	655	80	28 595	-22	-9	-27	-58	28 538
Mining, oil and gas extraction	10 475	1 834	2 182	14 491	-20	-344	-1 538	-1 903	12 589
Electricity, gas and water supply	52 965	409	189	53 562	-24	-30	-90	-144	53 418
Other	48 662	1 087	100	49 850	-36	-47	-37	-120	49 730
<b>Corporates</b>	<b>678 305</b>	<b>26 975</b>	<b>7 856</b>	<b>713 136</b>	<b>-587</b>	<b>-1 054</b>	<b>-4 827</b>	<b>-6 468</b>	<b>706 668</b>
Commercial real estate management	154 671	2 519	173	157 364	-70	-40	-65	-175	157 189
Residential real estate management	134 485	1 400	31	135 915	-45	-2	-2	-49	135 866
<b>Real Estate Management</b>	<b>289 156</b>	<b>3 919</b>	<b>204</b>	<b>293 279</b>	<b>-115</b>	<b>-42</b>	<b>-67</b>	<b>-224</b>	<b>293 055</b>
<b>Housing co-operative associations</b>	<b>61 885</b>	<b>6 536</b>	<b>2</b>	<b>68 423</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-2</b>	<b>68 421</b>
<b>Public Administration</b>	<b>14 102</b>	<b>239</b>	<b>1</b>	<b>14 342</b>	<b>-1</b>	<b>-4</b>	<b>-1</b>	<b>-5</b>	<b>14 337</b>
Household mortgages	599 193	18 767	796	618 756	-79	-140	-241	-460	618 296
Other	40 669	3 648	962	45 279	-196	-214	-569	-979	44 300
<b>Households</b>	<b>639 862</b>	<b>22 414</b>	<b>1 759</b>	<b>664 035</b>	<b>-275</b>	<b>-354</b>	<b>-810</b>	<b>-1 439</b>	<b>662 596</b>
<b>TOTAL</b>	<b>1 772 979</b>	<b>62 127</b>	<b>9 827</b>	<b>1 844 932</b>	<b>-984</b>	<b>-1 456</b>	<b>-5 707</b>	<b>-8 147</b>	<b>1 836 787</b>
<b>31 Dec 2020<sup>1)</sup></b>									
<b>Banks</b>	<b>86 112</b>	<b>1 917</b>	<b>14</b>	<b>88 043</b>	<b>-6</b>	<b>-2</b>	<b>-4</b>	<b>-12</b>	<b>88 031</b>
Finance and insurance	109 335	653	25	110 014	-43	-4	-7	-54	109 959
Wholesale and retail	69 523	2 215	459	72 196	-99	-65	-198	-362	71 835
Transportation	28 916	1 671	227	30 814	-36	-49	-74	-159	30 656
Shipping	42 697	2 895	1 480	47 073	-10	-20	-530	-560	46 513
Business and household services	132 841	6 834	1 559	141 234	-167	-237	-759	-1 164	140 070
Construction	10 736	706	356	11 799	-20	-35	-188	-243	11 555
Manufacturing	83 313	3 381	2 779	89 473	-89	-98	-1 372	-1 559	87 914
Agriculture, forestry and fishing	22 558	916	117	23 591	-19	-13	-29	-61	23 530
Mining, oil and gas extraction	16 797	1 498	4 963	23 258	-8	-205	-2 873	-3 086	20 172
Electricity, gas and water supply	45 216	608	175	46 000	-21	-26	-85	-131	45 869
Other	44 592	3 034	232	47 859	-33	-34	-93	-161	47 698
<b>Corporates</b>	<b>606 524</b>	<b>24 412</b>	<b>12 373</b>	<b>643 310</b>	<b>-546</b>	<b>-785</b>	<b>-6 209</b>	<b>-7 539</b>	<b>635 771</b>
Commercial real estate management	158 927	3 343	410	162 680	-72	-49	-127	-248	162 432
Residential real estate management	125 844	1 528	27	127 399	-36	-6	0	-42	127 357
<b>Real Estate Management</b>	<b>284 771</b>	<b>4 871</b>	<b>437</b>	<b>290 079</b>	<b>-108</b>	<b>-55</b>	<b>-127</b>	<b>-290</b>	<b>289 789</b>
<b>Housing co-operative associations</b>	<b>55 884</b>	<b>6 615</b>	<b>3</b>	<b>62 501</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>-2</b>	<b>62 498</b>
<b>Public Administration</b>	<b>14 989</b>	<b>72</b>	<b>1</b>	<b>15 061</b>	<b>-1</b>	<b>-4</b>	<b>-1</b>	<b>-5</b>	<b>15 056</b>
Household mortgages	554 967	20 445	971	576 383	-86	-154	-307	-547	575 836
Other	38 176	3 414	1 090	42 680	-226	-209	-682	-1 117	41 563
<b>Households</b>	<b>593 143</b>	<b>23 859</b>	<b>2 062</b>	<b>619 063</b>	<b>-313</b>	<b>-363</b>	<b>-988</b>	<b>-1 664</b>	<b>617 399</b>
<b>TOTAL</b>	<b>1 641 422</b>	<b>61 745</b>	<b>14 890</b>	<b>1 718 057</b>	<b>-972</b>	<b>-1 208</b>	<b>-7 331</b>	<b>-9 512</b>	<b>1 708 545</b>

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.

1) Excluding demand deposits credit institutions.



# SEB consolidated situation

## Note 15 Capital adequacy analysis

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Own funds</b>			
Common Equity Tier 1 capital	154 821	151 846	152 124
Tier 1 capital	168 375	164 984	164 403
Total own funds	181 737	173 162	181 835
<b>Own funds requirement</b>			
Risk exposure amount	787 490	753 104	725 560
Expressed as own funds requirement	62 999	60 248	58 045
Common Equity Tier 1 capital ratio	19.7%	20.2%	21.0%
Tier 1 capital ratio	21.4%	21.9%	22.7%
Total capital ratio	23.1%	23.0%	25.1%
Own funds in relation to own funds requirement	2.88	2.87	3.13
Regulatory Common Equity Tier 1 capital requirement including buffer	11.1%	11.1%	11.1%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	3.0%	3.0%
of which other systemically important institution buffer requirement (O-SII)	1.0%	1.0%	1.0%
of which countercyclical capital buffer requirement	0.1%	0.1%	0.1%
Common Equity Tier 1 capital available to meet buffer <sup>1)</sup>	13.2%	13.2%	14.8%
<b>Leverage ratio</b>			
Exposure measure for leverage ratio calculation	3 352 452	3 561 793	3 226 866
of which on balance sheet items	2 981 244	3 226 669	2 678 521
of which off balance sheet items	371 209	335 124	548 345
Leverage ratio	5.0%	4.6%	5.1%

<sup>1)</sup> Year-end 2020 recalculated as if Pillar 2 requirement were formally decided.

## Note 16 Own funds

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Shareholders equity according to balance sheet <sup>1)</sup>	193 228	191 579	171 943
Accrued dividend	-12 938	-18 371	-8 864
Deconsolidation of insurance companies and other foreseeable charges <sup>2)</sup>	1 397	328	-988
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>181 687</b>	<b>173 536</b>	<b>162 091</b>
Additional value adjustments	-1 133	-1 176	-894
Goodwill	-4 261	-4 417	-4 378
Intangible assets	-1 327	-1 166	-1 557
Deferred tax assets that rely on future profitability	-7	-8	-11
Fair value reserves related to gains or losses on cash flow hedges	18	22	47
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-194	-148	3
Defined-benefit pension fund assets	-17 211	-12 049	-3 008
Direct and indirect holdings of own CET1 instruments	-2 752	-2 748	-169
<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>-26 866</b>	<b>-21 690</b>	<b>-9 967</b>
<b>Common Equity Tier 1 capital</b>	<b>154 821</b>	<b>151 846</b>	<b>152 124</b>
Additional Tier 1 instruments	13 555	13 138	12 279
<b>Tier 1 capital</b>	<b>168 375</b>	<b>164 984</b>	<b>164 403</b>
Tier 2 instruments <sup>3)</sup>	13 826	8 623	18 606
Net provisioning amount for IRB-reported exposures	736	755	476
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 650
<b>Tier 2 capital</b>	<b>13 362</b>	<b>8 178</b>	<b>17 432</b>
<b>Total own funds</b>	<b>181 737</b>	<b>173 162</b>	<b>181 835</b>

<sup>1)</sup> 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.

<sup>2)</sup> Starting from the second quarter 2021 and forward this item is solely attributable to reversal of direct and indirect holdings of own CET1 instruments.

<sup>3)</sup> Following an approval from the Swedish Financial Supervisory Authority to call a Tier 2 instrument of EUR 1.0 bn issued in 2014, the instrument was excluded from the bank's own funds as of Q1 2021. The instrument was redeemed in Q2 2021. A new Tier 2 instrument of EUR 0.5 bn was issued during Q4 2021.

## Note 17 Risk exposure amount

SEK m	31 Dec 2021		30 Sep 2021		31 Dec 2020	
	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>
<b>Credit risk IRB approach</b>						
Exposures to central governments or central banks	18 374	1 470	17 237	1 379	13 893	1 111
Exposures to institutions	52 833	4 227	53 191	4 255	46 522	3 722
Exposures to corporates	371 928	29 754	341 618	27 329	342 199	27 376
Retail exposures	66 879	5 350	66 170	5 294	63 740	5 099
of which secured by immovable property	43 718	3 497	42 990	3 439	40 817	3 265
of which retail SME	5 621	450	5 839	467	5 278	422
of which other retail exposures	17 540	1 403	17 341	1 387	17 644	1 412
Securitisation positions	1 976	158	2 123	170	1 973	158
<b>Total IRB approach</b>	<b>511 989</b>	<b>40 959</b>	<b>480 338</b>	<b>38 427</b>	<b>468 326</b>	<b>37 466</b>
<b>Credit risk standardised approach</b>						
Exposures to central governments or central banks	949	76	664	53	966	77
Exposures to institutions	937	75	1 032	83	909	73
Exposures to corporates	6 635	531	5 837	467	4 905	392
Retail exposures	15 278	1 222	14 214	1 137	13 528	1 082
Exposures secured by mortgages on immovable property	2 016	161	1 976	158	1 935	155
Exposures in default	45	4	45	4	52	4
Exposures associated with particularly high risk	845	68	836	67	1 043	83
Exposures in the form of collective investment undertakings (CIU)					57	5
Equity exposures	8 459	677	7 961	637	4 139	331
Other items	10 180	814	10 396	832	10 327	826
<b>Total standardised approach</b>	<b>45 344</b>	<b>3 628</b>	<b>42 962</b>	<b>3 437</b>	<b>37 860</b>	<b>3 029</b>
<b>Market risk</b>						
Trading book exposures where internal models are applied	26 756	2 140	21 161	1 693	28 088	2 247
Trading book exposures applying standardised approaches	5 021	402	11 151	892	8 742	699
<b>Total market risk</b>	<b>31 778</b>	<b>2 542</b>	<b>32 311</b>	<b>2 585</b>	<b>36 830</b>	<b>2 946</b>
<b>Other own funds requirements</b>						
Operational risk advanced measurement approach	49 897	3 992	50 203	4 016	50 483	4 039
Settlement risk	13	1	2	0	3	0
Credit value adjustment	9 493	759	9 358	749	7 336	587
Investment in insurance business	22 527	1 802	21 041	1 683	16 633	1 331
Other exposures	3 898	312	4 447	356	5 237	419
Additional risk exposure amount <sup>2)</sup>	112 551	9 004	112 442	8 995	102 851	8 228
<b>Total other own funds requirements</b>	<b>198 379</b>	<b>15 870</b>	<b>197 493</b>	<b>15 799</b>	<b>182 544</b>	<b>14 604</b>
<b>Total</b>	<b>787 490</b>	<b>62 999</b>	<b>753 104</b>	<b>60 248</b>	<b>725 560</b>	<b>58 045</b>

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

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

## Note 18 Average risk-weight

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

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

IRB reported credit exposures (less repos and securities lending)	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Average risk-weight</b>			
Exposures to central governments or central banks	2.9%	2.1%	2.9%
Exposures to institutions	23.5%	22.9%	21.7%
Exposures to corporates	27.6%	27.3%	27.5%
Retail exposures	9.2%	9.2%	9.4%
of which secured by immovable property	6.7%	6.7%	6.7%
of which retail SME	50.3%	50.6%	49.6%
of which other retail exposures	28.5%	28.3%	29.6%
Securitisation positions	16.9%	17.3%	16.4%

# Skandinaviska Enskilda Banken AB (publ) – parent company

## Income statement

In accordance with FSA regulations SEK m	Q4			Q3			Q4			Jan–Dec		
	2021	2021	%	2020	%	2021	2020	%	2021	2020	%	
Interest income	6 903	6 925	0	7 322	-6	27 737	31 460	-12				
Leasing income	1 303	1 297	0	1 317	-1	5 268	5 365	-2				
Interest expense	-1 283	-1 362	-6	-1 864	-31	-5 758	-11 118	-48				
Dividends	0	145	-100	1 895	-100	2 596	3 121	-17				
Fee and commission income	4 286	3 799	13	3 595	19	15 553	13 734	13				
Fee and commission expense	-904	-732	23	-697	30	-3 210	-3 036	6				
Net financial income	714	1 331	-46	1 464	-51	4 882	5 297	-8				
Other income	309	354	-13	-50		1 330	411					
<b>Total operating income</b>	<b>11 329</b>	<b>11 757</b>	<b>-4</b>	<b>12 982</b>	<b>-13</b>	<b>48 397</b>	<b>45 234</b>	<b>7</b>				
Administrative expenses	-3 692	-4 119	-10	-4 394	-16	-16 207	-17 372	-7				
Depreciation, amortisation and impairment of tangible and intangible assets	-1 418	-1 384	2	-1 378	3	-5 644	-5 683	-1				
<b>Total operating expenses</b>	<b>-5 110</b>	<b>-5 502</b>	<b>-7</b>	<b>-5 772</b>	<b>-11</b>	<b>-21 851</b>	<b>-23 055</b>	<b>-5</b>				
<b>Profit before credit losses</b>	<b>6 219</b>	<b>6 254</b>	<b>-1</b>	<b>7 210</b>	<b>-14</b>	<b>26 547</b>	<b>22 179</b>	<b>20</b>				
Net expected credit losses	-345	-176	96	-652	-47	-744	-5 550	-87				
Impairment of financial assets <sup>1)</sup>	-1 486					-1 911	-220					
<b>Operating profit</b>	<b>4 388</b>	<b>6 078</b>	<b>-28</b>	<b>6 559</b>	<b>-33</b>	<b>23 892</b>	<b>16 409</b>	<b>46</b>				
Appropriations	2 490	402		1 352	84	3 839	2 390	61				
Income tax expense	-1 678	-1 235	36	-2 014	-17	-5 332	-4 636	15				
Other taxes	225	127	76	297	-24	352	451	-22				
<b>NET PROFIT</b>	<b>5 425</b>	<b>5 372</b>	<b>1</b>	<b>6 193</b>	<b>-12</b>	<b>22 751</b>	<b>14 614</b>	<b>56</b>				

1) During fourth quarter the parent company recognised an impairment of SEK 1,486m for the investment in the subsidiary DSK Hyp AG, in total an impairment of SEK 1,911m is recognised for the investment in DSK Hyp AG during 2021.

## Statement of comprehensive income

SEK m	Q4			Q3			Q4			Jan–Dec		
	2021	2021	%	2020	%	2021	2020	%	2021	2020	%	
<b>NET PROFIT</b>	<b>5 425</b>	<b>5 372</b>	<b>1</b>	<b>6 193</b>	<b>-12</b>	<b>22 751</b>	<b>14 614</b>	<b>56</b>				
Cash flow hedges	4			10	-59	29	-62					
Translation of foreign operations	150	-83		-32		98	-158					
<b>Items that may subsequently be reclassified to the income statement:</b>	<b>154</b>	<b>-83</b>		<b>-22</b>		<b>127</b>	<b>-220</b>					
<b>OTHER COMPREHENSIVE INCOME</b>	<b>154</b>	<b>-83</b>		<b>-22</b>		<b>127</b>	<b>-220</b>					
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>5 579</b>	<b>5 289</b>	<b>5</b>	<b>6 171</b>	<b>-10</b>	<b>22 878</b>	<b>14 394</b>	<b>59</b>				

## Balance sheet, condensed

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Cash and cash balances with central banks	371 466	551 861	294 391
Loans to central banks	4 127	806	3 537
Loans to credit institutions	70 207	97 939	67 490
Loans to the public	1 641 332	1 617 398	1 569 310
Debt securities	178 441	323 521	239 928
Equity instruments	96 149	113 013	63 825
Derivatives	121 326	128 365	159 380
Other assets	104 787	121 369	99 248
<b>TOTAL ASSETS</b>	<b>2 587 834</b>	<b>2 954 272</b>	<b>2 497 110</b>
Deposits from central banks and credit institutions	85 276	208 838	147 831
Deposits and borrowings from the public <sup>1)</sup>	1 404 490	1 561 487	1 198 833
Debt securities issued	730 028	779 486	749 415
Short positions	34 569	52 004	30 409
Derivatives	113 497	114 577	157 529
Other financial liabilities	5 721	4 787	744
Other liabilities	59 340	72 480	59 853
Untaxed reserves	17 137	18 628	18 628
Equity	137 776	141 985	133 868
<b>TOTAL LIABILITIES, UNTAXED RESERVES AND EQUITY</b>	<b>2 587 834</b>	<b>2 954 272</b>	<b>2 497 110</b>
1) Private and SME deposits covered by deposit guarantee	255 302	252 232	232 375
Private and SME deposits not covered by deposit guarantee	160 691	148 405	134 315
All other deposits	988 497	1 160 850	832 143
<b>Total deposits from the public</b>	<b>1 404 490</b>	<b>1 561 487</b>	<b>1 198 833</b>

## Pledged assets and obligations

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Pledged assets for own liabilities	539 115	580 549	490 032
Other pledged assets	65 329	69 956	106 252
<b>Pledged assets</b>	<b>604 443</b>	<b>650 506</b>	<b>596 284</b>
Contingent liabilities	159 445	149 715	141 769
Commitments	754 551	684 527	667 824
<b>Obligations</b>	<b>913 996</b>	<b>834 241</b>	<b>809 592</b>

## Statement of equity

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Share capital	21 942	21 942	21 942
Other restricted reserves	13 825	13 757	13 734
<b>Equity, restricted</b>	<b>35 767</b>	<b>35 699</b>	<b>35 676</b>
Holdings of own shares	-3 855	-2 825	-2 841
Other reserves	-353	-507	-480
Other non-restricted equity	83 467	92 293	86 899
Net profit for the year	22 751	17 325	14 614
<b>Equity, non-restricted<sup>1)</sup></b>	<b>102 009</b>	<b>106 286</b>	<b>98 192</b>
<b>TOTAL</b>	<b>137 776</b>	<b>141 985</b>	<b>133 868</b>

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



# Capital adequacy

## Capital adequacy analysis

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Own funds</b>			
Common Equity Tier 1 capital	131 207	130 254	134 055
Tier 1 capital	144 761	143 392	146 334
Total own funds	157 935	151 289	163 646
<b>Own funds requirement</b>			
Risk exposure amount	712 916	687 763	659 989
Expressed as own funds requirement	57 033	55 021	52 799
Common Equity Tier 1 capital ratio	18.4%	18.9%	20.3%
Tier 1 capital ratio	20.3%	20.8%	22.2%
Total capital ratio	22.2%	22.0%	24.8%
Own funds in relation to own funds requirement	2.77	2.75	3.10
Regulatory Common Equity Tier 1 capital requirement including buffer	7.1%	7.1%	7.1%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which countercyclical capital buffer requirement	0.1%	0.1%	0.1%
Common Equity Tier 1 capital available to meet buffer <sup>1)</sup>	12.3%	12.2%	14.3%
<b>Leverage ratio</b>			
Exposure measure for leverage ratio calculation	3 065 713	3 326 171	3 025 643
of which on balance sheet items	2 709 501	3 001 788	2 487 526
of which off balance sheet items	356 212	324 383	538 118
Leverage ratio	4.7%	4.3%	4.8%

<sup>1)</sup> Year-end 2020 recalculated as if Pillar 2 requirement were formally decided.

## Own funds

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
Shareholders equity according to balance sheet <sup>1)</sup>	151 353	156 745	148 628
Accrued dividend	-12 938	-18 371	-8 864
Deconsolidation of insurance companies and other foreseeable charges <sup>2)</sup>	1 397	328	21
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>139 812</b>	<b>138 702</b>	<b>139 786</b>
Additional value adjustments	-1 113	-1 159	-874
Goodwill	-3 358	-3 358	-3 358
Intangible assets	-1 196	-1 044	-1 217
Fair value reserves related to gains or losses on cash flow hedges	18	22	47
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-205	-162	-159
Direct and indirect holdings of own CET1 instruments	-2 752	-2 748	-169
<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>-8 606</b>	<b>-8 449</b>	<b>-5 731</b>
<b>Common Equity Tier 1 capital</b>	<b>131 207</b>	<b>130 254</b>	<b>134 055</b>
Additional Tier 1 instruments	13 555	13 138	12 279
<b>Tier 1 capital</b>	<b>144 761</b>	<b>143 392</b>	<b>146 334</b>
Tier 2 instruments <sup>3)</sup>	13 826	8 623	18 606
Net provisioning amount for IRB-reported exposures	548	473	355
Holdings of Tier 2 instruments in financial sector entities	-1 200	-1 200	-1 650
<b>Tier 2 capital</b>	<b>13 174</b>	<b>7 897</b>	<b>17 311</b>
<b>Total own funds</b>	<b>157 935</b>	<b>151 289</b>	<b>163 646</b>

<sup>1)</sup> Shareholders equity for the parent company includes untaxed reserves net of tax.

<sup>2)</sup> Starting from the second quarter 2021 and forward this item is solely attributable to reversal of direct and indirect holdings of own CET1 instruments.

<sup>3)</sup> Following an approval from the Swedish Financial Supervisory Authority to call a Tier 2 instrument of EUR 1.0 bn issued in 2014, the instrument was excluded from the bank's own funds as of Q1 2021. The instrument was redeemed in Q2 2021. A new Tier 2 instrument of EUR 0.5 bn was issued during Q4 2021.

## Risk exposure amount

SEK m	31 Dec 2021		30 Sep 2021		31 Dec 2020	
	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>	<b>Risk exposure amount</b>	<b>Own funds requirement <sup>1)</sup></b>
<b>Credit risk IRB approach</b>						
Exposures to central governments or central banks	10 362	829	11 671	934	8 221	658
Exposures to institutions	52 349	4 188	51 958	4 157	45 136	3 611
Exposures to corporates	308 939	24 715	281 499	22 520	281 603	22 528
Retail exposures	44 205	3 536	43 785	3 503	42 131	3 371
of which secured by immovable property	34 274	2 742	33 708	2 697	32 283	2 583
of which retail SME	2 187	175	2 293	183	2 266	181
of which other retail exposures	7 744	619	7 784	623	7 582	607
Securitisation positions	1 976	158	2 123	170	1 973	158
<b>Total IRB approach</b>	<b>417 831</b>	<b>33 426</b>	<b>391 036</b>	<b>31 283</b>	<b>379 064</b>	<b>30 325</b>
<b>Credit risk standardised approach</b>						
Exposures to central governments or central banks						
Exposures to institutions	11 628	930	13 000	1 040	18 339	1 467
Exposures to corporates	3 319	266	3 131	251	3 024	242
Retail exposures	9 001	720	8 615	689	8 206	656
Exposures secured by mortgages on immovable property	2 012	161	1 970	158	1 931	155
Exposures in default	24	2	24	2	26	2
Exposures associated with particularly high risk	845	68	836	67	1 043	83
Exposures in the form of collective investment undertakings (CIU)						
Equity exposures	44 992	3 599	45 571	3 646	37 286	2 983
Other items	3 098	248	4 739	379	2 807	225
<b>Total standardised approach</b>	<b>74 920</b>	<b>5 994</b>	<b>77 888</b>	<b>6 231</b>	<b>72 662</b>	<b>5 813</b>
<b>Market risk</b>						
Trading book exposures where internal models are applied	26 756	2 140	21 161	1 693	28 088	2 247
Trading book exposures applying standardised approaches	4 975	398	11 111	889	8 675	694
Foreign exchange rate risk	4 153	332	3 450	276	3 377	270
<b>Total market risk</b>	<b>35 883</b>	<b>2 871</b>	<b>35 722</b>	<b>2 858</b>	<b>40 140</b>	<b>3 211</b>
<b>Other own funds requirements</b>						
Operational risk advanced measurement approach	39 185	3 135	39 595	3 168	39 928	3 194
Settlement risk	13	1	2	0	3	0
Credit value adjustment	9 485	759	9 352	748	7 336	587
Investment in insurance business	22 527	1 802	21 041	1 683	16 633	1 331
Other exposures	528	42	693	55	1 377	110
Additional risk exposure amount <sup>2)</sup>	112 544	9 004	112 435	8 995	102 845	8 228
<b>Total other own funds requirements</b>	<b>184 282</b>	<b>14 743</b>	<b>183 118</b>	<b>14 649</b>	<b>168 122</b>	<b>13 450</b>
<b>Total</b>	<b>712 916</b>	<b>57 033</b>	<b>687 763</b>	<b>55 021</b>	<b>659 989</b>	<b>52 799</b>

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

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

## Average risk weight

IRB reported credit exposures (less repos and securities lending)	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>Average risk-weight</b>			
Exposures to central governments or central banks	1.9%	1.5%	1.9%
Exposures to institutions	23.5%	22.9%	21.7%
Exposures to corporates	25.0%	24.7%	24.7%
Retail exposures	7.3%	7.3%	7.4%
of which secured by immovable property	5.9%	5.9%	5.9%
of which retail SME	33.8%	34.8%	34.6%
of which other retail exposures	38.5%	38.2%	40.1%
Securitisation positions	16.9%	17.3%	16.4%

## Signature of the President

*The President declares that this financial report for the period 1 January 2021 through 31 December 2021 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, 27 January 2022**

Johan Torgeby  
*President and Chief Executive Officer*

## THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

### Auditor's review report

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

#### Introduction

We have reviewed the condensed financial report for Skandinaviska Enskilda Banken AB (publ) as at December 31, 2021 and for the twelve-month period ending as at this date. The Board of Directors, the President and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

#### Scope of review

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

#### Conclusion

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

**Stockholm, 27 January 2022**

Ernst & Young AB

Hamish Mabon  
*Authorised Public Accountant*

## Contacts and calendar

### Results and strategy presentation on 27 January 2022

#### Press conference on Annual Accounts 2021 and strategy update

Between 8:30–10:20 CET Johan Torgeby, SEB's President & CEO, and Peter Kessiakoff, SEB's Acting CFO, will present the Annual Accounts 2021. At around 08:50 CET, Johan Torgeby and Peter Kessiakoff, together with selected members of the Group Executive Committee, will present SEB's 2030 Strategy and Business Plan for 2022-2024.

#### Telephone conference/Q&A

Between 10:30-12:00 CET Johan Torgeby, Peter Kessiakoff, selected members of the Group Executive Committee and Pawel Wyszynski, Head of Investor Relations, will answer questions about the Annual Accounts 2021, SEB's 2030 Strategy and Business Plan 2022-2024.

These events can be followed via a web-stream that will be available on [sebgroup.com/ir](http://sebgroup.com/ir). In order to follow the events by telephone, which is necessary to pose questions, please register in advance via the link below. You will be provided a dial-in number, passcode and participant ID.

Link to registration for participation via phone:

<http://emea.directeventreg.com/registration/9895066>

### Further information is available from:

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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](http://sebgroup.com/ir).**

### Financial information calendar 2022

1 March 2022	Annual and Sustainability Report 2021	
22 March 2022	Annual General Meeting	
27 April 2022	Quarterly report January – March 2022	The silent period starts on 1 April 2022
14 July 2022	Quarterly report January – June 2022	The silent period starts on 1 July 2022
26 October 2022	Quarterly report January – September 2022	The silent period starts on 1 October 2022

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

## Definitions

### Including Alternative Performance Measures<sup>1)</sup>

#### Items affecting comparability

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

#### Operating profit

Total profit before tax.

#### Operating profit before items affecting comparability

Total profit before items affecting comparability and tax.

#### Net profit

Total profit after tax.

#### Return on equity

Net profit attributable to shareholders in relation to average<sup>2)</sup> 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 average<sup>2)</sup> shareholders' equity.

#### Return on business equity

Operating profit by division, reduced by a standard tax rate, in relation to the divisions' average<sup>2)</sup> business equity (allocated capital).

#### Return on total assets

Net profit attributable to shareholders, in relation to average<sup>2)</sup> total assets.

#### Return on risk exposure amount

Net profit attributable to shareholders in relation to average<sup>2)</sup> risk exposure amount.

<sup>1)</sup> 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.

<sup>2)</sup> Average year-to-date, calculated on month-end figures.

<sup>3)</sup> Average, calculated on a daily basis.

#### Cost/income ratio

Total operating expenses in relation to total operating income.

#### Basic earnings per share

Net profit attributable to shareholders in relation to the weighted average<sup>3)</sup> number of shares outstanding before dilution.

#### Diluted earnings per share

Net profit attributable to shareholders in relation to the weighted average<sup>3)</sup> diluted number of shares. The calculated dilution is based on the estimated economic value of the long-term equity-based programmes.

#### Net worth per share

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

#### Equity per share

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

#### Expected credit losses, ECL

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

#### ECL allowances

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

#### Net ECL level

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

#### ECL coverage ratio

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

#### Stage 3 loans / Total loans, gross

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

#### Stage 3 loans / Total loans, net

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

**The excel file Alternative Performance Measures, available on [sebgroupp.com/ir](http://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):**

#### **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.

# This is SEB

## **We connect ideas, people and capital to drive progress**

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

## **Our customers**

2,000 large corporations, 1,100 financial institutions, 288,000 SME and 1.5 million private full-service customers bank with SEB.

## **Our values**

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

## **Our employees**

Around 15,500 highly skilled employees serving our customers from locations in more than 20 countries – covering different time zones, securing reach and local market knowledge.

## **Our history**

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

## **Focus areas**

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

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

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

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

Additional financial information is available in SEB's Fact Book which is published quarterly on [sebgroupp.com/ir](http://sebgroupp.com/ir).